



EXPORT GUIDE

Tirana 2005

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**Supported by USAID in the frame of Albanian Enterprise Development and
Export Market Services (EDEM) Project**

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INTRODUCTION

During these years of transition, private sector in Albania has experienced a notable growth. At the beginning of '90s all the discussions about trade were focused on the increment of private initiatives not only in number but also related to the scope of their establishment. Actually, the debate is focused on the competitiveness of private sector domestically and abroad. In this framework, international trade has become one of the most important issues, all the stakeholders such as governmental associations, policy makers and the same businesses operating in the country has to deal with.

Openness of the markets and the Albania's membership in EU structures asks for Albanian businesses to fully comply with all the requirements with regard to international trade posed by European Union (EU), World Trade Organization (WTO) and other international organizations. Therefore, export development is one of the most important challenges, Albanian producers has to face. Their success in international markets greatly depends on how much they are informed about regulatory framework and procedures they have to follow in order to successfully penetrate foreign markets.

Albanian Export Guide is prepared by the Institute for Development and Research Alternatives (IDRA) in the frame of EDEM project (Enterprise Development and Export Market Services) supported by USAID. Its principal aim is to provide Albanian businesses with the necessary information related to the rules and procedures at national and international level with regard to exports and as a result to help them further develop their activity.

The Guide consists in 4 Chapters:

In the *First Chapter*, Albanian business and other interested groups may find a summary of the export legal framework as well as trade relationships not only between Albania and EU but also with other countries of the region. Custom procedures with regard to export of goods are also part of this chapter.

Because of the importance it is gathering nowadays the quality of goods and food safety, the *Second Chapter* of the guide is mainly focused on such issues. This chapter describes not only EU requirements with regard to quality and food safety of products commercialized but also steps businesses has to follow in order to successfully implement different international standards such as ISO 9001:2000, HACCP, EurepGAP, etc.

The *Third Chapter* deals with some practical issues while exporting such as: design of international sales contracts, transport of export goods and respective contracts, export documentation, export financing and insurance as well as dispute of settlements in international trade.

The *Forth Chapter* is all about export theoretical background. It describes from the theoretical point of view all the issues analyzed in the third chapter. As the last chapter of the guide, it focuses on the most important issues to be taken into consideration by business owners and managers once they decide to be engaged in exporting.

Albanian Business Guide will be also available in the webpage of the Albanian Business Information Center (ALBIC) www.albic.net, managed by IDRA.

TRADE RELATIONS BETWEEN ALBANIA AND EU AND ALSO OTHER COUNTRIES OF THE REGION. EXPORT REGIME IN ALBANIA

KEY MOMENTS OF EU-ALBANIA RELATIONS

1992	Trade and Cooperation Agreement between Albania and EU. Albania becomes eligible to benefit from EU-s PHARE program.
1997	Council of Ministers sets economic and political conditions for development of bilateral relations.
1999	EU proposes a Stabilization-Association Process (SAP) for 5 southwestern European countries including Albania. Feasibility study for Stabilization-Association Agreement starts. This study is approved by the commission in November.
1999	Albania benefits from Trade Autonomous Preferences.
2000	Albanian products are included in duty-free entrance in EU markets.
2000	European Council declares that all countries included in the Stabilization-Association Process are potential candidates for EU membership.
2001	First Year for new program CARDS, designed specifically for all countries included in the SAP.
2001	European Commission declares that it is time to proceed with a Stabilization-Association Agreement (SAA) with Albania.
2001	European Council in Gothenburg (June 2001) invites a Commission for a draft presentation of the negotiating directives for the SAA with Albania.
2002	Negotiating directives are approved by the Council.
2003	On January 31 st , President Prodi officially opens negotiations for a Stabilization-Association Agreement between Albania and the EU.

1. EU-ALBANIAN TRADE REGIME

At this time, The European Union (EU) is the main economic and trade partner for Albania. Trade volume between Albania and the EU is on the highest levels compared to that of other countries in the region. Economic and trade relations between EU and Albania started after signing an agreement in 1992, which allowed Albania to benefit the GSP regime (General System of Preferences), facilitating access of Albanian products in European markets.

On March 2000, European Council in a meeting in Lisbon, concludes that Stabilization-Association Agreements with Western Balkan countries must be guided by trade asymmetric liberalization¹. Therefore, Council's bylaw Nr. 2007/2000 lays out specific trade regulations between EU and these countries. Based on this bylaw the European Commission adapted a more preferable trade system known as Autonomous Trade Masses (ATM) regime, which liberalizes trade regime of EU member nations for imports from Balkan nations (including Albania), but does not apply to the benefiting nations. More specifically this regime foresees:

- a) liberalization of almost all industrial exports and canceling all limit tariffs left for these products. Based on this agreement, all textiles entering the EU market do not pay customs duty for yearly quotas as explained in bylaw 517/94.
- b) Improvement in the entry level of agricultural products, including those primed and seafood as shown in the table below.

CN code	Description	Quota volume per year ⁽¹⁾	Beneficiaries	Rate of duty
0301 91 10 0301 91 90 0302 11 10 0302 11 90 0303 21 10 0303 21 90 0304 10 11 ex 0304 10 19 ex 0304 10 91 0304 20 11 ex 0304 20 19 ex 0304 90 10 ex 0305 10 00 ex 0305 30 90 0305 49 45 ex 0305 59 90 ex 0305 69 90	Trout: live, fresh or chilled, frozen, dried, salted or in brine, smoked, fillets and other fish meat, flours, meals and pellets, fit for human consumption	100 tonnes	Albania, Bosnia and Herzegovina, Croatia	Exemption
0301 93 00 0302 69 11 0303 79 11 ex 0304 10 19 ex 0304 10 91 ex 0304 20 19 ex 0304 90 10	Carp: live, fresh or chilled, frozen, dried, salted or in brine, smoked, fillets and other fish meat, flours, meals and pellets, fit for human consumption	300 tonnes	Albania, Bosnia and Herzegovina, Croatia	Exemption

¹ Official negotiations for Stabilization-Association Agreement between EU and Albania date January 31st, 2003.

ex 0305 10 00 ex 0305 30 90 ex 0305 49 80 ex 0305 59 90 ex 0305 69 90				
ex 0301 99 90 0302 69 11 0303 79 11 ex 0304 10 38 ex 0304 10 98 ex 0304 20 95 ex 0304 90 97 ex 0305 10 00 ex 0305 30 90 ex 0305 49 80 ex 0305 59 90 ex 0305 69 90	Sea bream: live, fresh or chilled, frozen, dried, salted or in brine, smoked, fillets and other fish meat, flours, meals and pellets, fit for human consumption	100 tonnes	Albania, Bosnia and Herzegovina, Croatia	Exemption
ex 0301 99 90 0302 69 94 ex 0303 77 00 ex 0304 10 38 ex 0304 10 98 ex 0304 20 95 ex 0304 90 97 ex 0305 10 00 ex 0305 30 90 ex 0305 49 80 ex 0305 59 90 ex 0305 69 90	Sea bass: live, fresh or chilled, frozen, dried, salted or in brine, smoked, fillets and other fish meat, flours, meals and pellets, fit for human consumption	600 tonnes	Albania, Bosnia and Herzegovina, Croatia	Exemptions
1604 13 11 1604 13 19 ex 1604 20 50	Prepared or preserved sardines	250 tonnes	Albania, Bosnia and Herzegovina, Croatia	6%
1604 16 00 1604 20 40	Prepared or preserved anchovies	1000 tonnes	Albania, Bosnia and Herzegovina, Croatia	12,5%
2204 21 79 ex 2204 21 80 2204 21 83 ex 2204 21 84 2204 29 65 ex 2204 29 75 2204 29 83 ex 2204 29 84	Wine of fresh grapes, of an actual alcoholic strength by volume not exceeding 15 % vol, other than sparkling wine	545 000 hl	Albania, Bosnia and Herzegovina, Croatia, Former Yugoslav Republic of Macedonia, Kosovo, Slovenia	Exemption
(1) One global volume per tariff quota shared among the beneficiaries				

2. FREE TRADE AGREEMENTS – FTA

European Union is determined to encourage an open and free trade with all of its partners. Agreements that EU has signed with a number of nations or specific group of nations have served as incentives for development of trade relations between them. On this note, on July 27th 2001, EU signed a Memorandum of Understanding on Liberalization and Facilitation of Trade with 8 nations: Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Yugoslavia, Macedonia, Moldova and Rumania. This incentive for liberalizing trade between EU and all these nations is in accord with Pact for Stability for Southwestern Europe.

Two base principles of this memorandum were as follow:

1. Conclusion of bilateral agreements (Free Trade Agreements –FTA) between all nations that signed agreements until the end of 2002.
2. Liberalization of at least 90% of trade between them until the end of 2008.

Albania has concluded bilateral agreements with all participating nations of the Memorandum including Kosovo. Their actual status is described in the table below.

Country	Signed by corresponding Ministers	Ratified by the Parliament	Entered in force
Macedonia	March 29 th , 2002	May 14 th , 2002	July 15 th , 2002
Croatia	September 27 th , 2002	November 21 st , 2002	June 1 st , 2003
Bosnia-Herzegovina	April 28 th , 2003	July 10 th , 2003	December 1 st , 2004
Serbia-Montenegro	November 13 th , 2003	February 26 th , 2004	August 1 st , 2004
Rumania	February 21 st , 2003	April 17 th , 2003	January 1 st , 2004
Bulgaria	March 26 th , 2003	June 9 th , 2003	September 1 st , 2003
Kosovo	July 7 th , 2003	July 29 th , 2003	October 1 st , 2003
Moldova	November 13 th , 2003	February 26 th , 2004	November 1 st , 2004

Source: Annual Report of Ministry of Economy

Free Trade Agreements (FTA) encourage production for export. They are intended to fulfill market needs, especially for products and services not provided by the receiving nation. FTA is based on 4 main principles of the World Trade Organization (WTO)², which are as follows:

1. **Normal customs tariffs**- Nations are not allowed to discriminate between imported products and those produced internally as far as taxes and laws.
2. **Favorite Nation Status**- nations must apply the same rules, regulations and taxes on imports and exports to and from another partner nation. In other words they are

² Albania is a member of WTO since 2000

not allowed to impose a higher tax level on products imported from one nation than those imported from another nation.

3. ***Protection of local industry through tariffs***- Based on rules and regulations of the WTO, protection of local industry can and must be arranged only by means of tariffs. Other means such as limitation of quantity is not permitted. (except on limited occasions)
4. ***Tied Tariffs*** - Tied Tariffs are listed in national agenda of WTO member nations and as a result they are integral part of their systems. This means that nations must reduce and possibly eliminate protection of local products by reducing tariffs and eliminating other trade barriers in multilateral negotiations for trading.

Trading of Agricultural and Industrial products through FTA-s is based on these main principles:

1. ***Concessions principle***- Products or groups of products are traded between countries with import quotas for which customs tariffs are removed.
2. ***Dual removal of customs tariffs principle*** - products or group of products traded between countries without import quotas, eliminating at the same time customs tariffs.
3. ***One sided removal of customs tariffs principle*** - products or groups of products are imported from one nation without import quotas eliminating customs tariffs. This means that automatically all customs tariffs become zero only on one direction.
4. ***Progressive removal of customs tariffs*** during a transitional period.
5. ***Immediate Removal of customs tariffs*** upon initiation of agreement.
6. ***Favorable Nation³ principle***- means that all other products not mentioned above will continue to be traded freely paying all customs tariffs.

At this time trade between Albania and other countries of the region is still limited. Commencement of all Trade Agreements has had positive effects mainly in trades between Albania and Kosovo and Macedonia. Meanwhile we see no change in trades with the other nations. All obligations from FTA-s with other nations of the region are as follow:

	Albanian Imports	Imports of Partner Nations
AGREEMENT WITH MACEDONIA		
Industrial products	Limited reduction of customs tariffs for all originating products listed in Section II of Agreement. With the Initiation of the Agreement all customs tariffs are removed for all products not listed in Section II of Agreement	Limited reduction of customs tariffs for all originating products listed in Section III of Agreement. With the Initiation of the Agreement all customs tariffs are removed for all products not listed in Section III of Agreement
Agricultural products	All customs tariffs are removed for all originating products listed in Sections 2.1 and 2.2 of protocol A of the Agreement.	All customs tariffs are removed for all originating products listed in Sections 1.1 and 1.2 of protocol A of the Agreement.

³ Highest tariff according to "Favorable Nation" is 15%, although many industrial products are actually liberated or at a very low tariff (2%). Agricultural sector is still the most protected sector.

	Zero customs tariff within limit quota as described in Section 2.3 of Protocol A of the Agreement. Implementation of Favorable Nation for all products not mentioned on the above sections.	Zero customs tariff within limit quota as described in Section 1.3 of Protocol A of the Agreement. Implementation of Favorable Nation for all products not mentioned on the above sections.
AGREEMENT WITH CROATIA		
Industrial Products	Limited reduction of customs tariffs for all originating products listed in Section II of Agreement. These tariffs will be eliminated in 2008. With the Initiation of the Agreement all customs tariffs are removed for all products not listed in Section II of Agreement	Limited reduction of customs tariffs for all originating products listed in Section III of Agreement. These tariffs will be eliminated in 2008. With the Initiation of the Agreement all customs tariffs are removed for all products not listed in Section III of Agreement
Agricultural Products	Zero customs tariff within limit quota as described in Section A of Protocol 1 of the Agreement. Implementation of Favorable Nation for all products not mentioned in Section A of Protocol 1 of the Agreement.	Zero customs tariff within limit quota as described in Section B of Protocol 1 of the Agreement. Implementation of Favorable Nation for all products not mentioned in Section B of Protocol 1 of the Agreement.
AGREEMENT WITH BOSNIA-HERZEGOVINA		
Industrial Products	Limited reduction of customs tariffs for all originating products. These tariffs will be eliminated in 2007	Limited reduction of customs tariffs for all originating products. These tariffs will be eliminated in 2007
Agricultural Products	With implementation of the Agreement all customs tariffs will be removed for originating products listed in section II of the Agreement. Limited reduction of customs tariffs for all originating products listed in Section 3 of Agreement. These tariffs will be eliminated in 2008 Implementation of Favorable Nation for all products not mentioned in Sections 2 and 3 of the Agreement.	With implementation of the Agreement all customs tariffs will be removed for originating products listed in section II of the Agreement Limited reduction of customs tariffs for all originating products listed in Section 3 of Agreement. These tariffs will be eliminated in 2008 Implementation of Favorable Nation for all products not mentioned in Sections 2 and 3 of the Agreement
AGREEMENT WITH SERBIA/MONTENEGRO		
Industrial Products	Limited reduction of customs tariffs for all originating products	Limited reduction of customs tariffs for all originating

	<p>listed in Section II of Agreement. These tariffs will be eliminated in 2007</p> <p>With implementation of Agreement all customs tariffs will be removed for products not listed in Section II of the Agreement.</p>	<p>products listed in Section III of Agreement. These tariffs will be eliminated in 2007</p> <p>With implementation of Agreement all customs tariffs will be removed for products not listed in Section III of the Agreement</p>
Agricultural Products	<p>With implementation of the Agreement all customs tariffs will be removed for originating products listed in Section A of Protocol A.</p> <p>Zero customs tariff within limit quota as described in Section B1 of Protocol A of the Agreement.</p> <p>Implementation of Favorable Nation for all products not mentioned above.</p>	<p>With implementation of the Agreement all customs tariffs will be removed for originating products listed in Section A of Protocol A.</p> <p>Zero customs tariff within limit quota as described in Section B2 of Protocol A of the Agreement.</p> <p>Implementation of Favorable Nation for all products not mentioned above</p>
AGREEMENT WITH RUMANIA		
Industrial Products	<p>Limited reduction for all originating products listed in Sections B and C of Protocol 1 of the Agreement. These tariffs will be completely removed respectively in 2007 and 2005.</p> <p>With implementation of Agreement all customs tariffs will be removed for products not listed in Sections B and C of Protocol 1.</p>	<p>Limited reduction for all originating products listed in Section A of Protocol 1 of the Agreement. These tariffs will be completely removed in 2007.</p> <p>With implementation of Agreement all customs tariffs will be removed for products not listed in Section A of Protocol 1.</p>
Agricultural Products	<p>Zero customs tariffs within limit quota as described in statute 3 of Protocol 2 of Agreement.</p> <p>Implementation of Favorable Nation for products not mentioned above.</p>	<p>Zero customs tariffs within limit quota as described in statute 2 of Protocol 2 of Agreement.</p> <p>Implementation of Favorable Nation for products not mentioned above.</p>
AGREEMENT WITH BULGARIA		
Industrial Products	<p>Limited reduction for all originating products listed in Section II of the Agreement. These tariffs will be completely removed in 2007.</p> <p>With implementation of Agreement all customs tariffs will be removed for products not listed in Section II of the</p>	<p>Limited reduction for all originating products listed in Section II of the Agreement. These tariffs will be completely removed in 2007.</p> <p>With Implementation of Agreement all customs tariffs will be removed for products not listed in Section II of the</p>

	Agreement.	Agreement.
Agricultural Products	Zero customs tariffs within limit quota as described in Section I of Protocol A of Agreement. Implementation of Favorable Nation for products not listed in Section I of Protocol A of Agreement.	Zero customs tariffs within limit quota as described in Section II of Protocol A of Agreement. Implementation of Favorable Nation for products not listed in Section II of Protocol A of Agreement
AGREEMENT WITH KOSOSVO		
Industrial Products	Limited reduction for all originating products listed in Section II of the Agreement. These tariffs will be completely removed in 2007. With implementation of Agreement all customs tariffs will be removed for products not listed in Section II of the Agreement.	Limited reduction for all originating products listed in Section III of the Agreement. These tariffs will be completely removed in 2007. With implementation of Agreement all customs tariffs will be removed for products not listed in Section III of the Agreement.
Agricultural Products	With implementation of Agreement customs tariffs will be removed for originating products not listed in Sections 1 and 2 of Protocol A of Agreement. Zero customs tariffs within limit quota as described in Section 4 of Protocol A of Agreement. Implementation of Favorable Nation for products not mentioned above.	With implementation of Agreement customs tariffs will be removed for originating products not listed in Sections 1 and 3 of Protocol A of Agreement. Zero customs tariffs within limit quota as described in Section 4 of Protocol A of Agreement. Implementation of Favorable Nation for products not mentioned above.
AGREEMENT WITH MOLDAVIA		
Industrial Products	Limited reduction of customs tariffs for all originating products. These tariffs will be removed in 2007	Limited reduction of customs tariffs for all originating products. These tariffs will be removed in 2007
Agricultural Products	With implementation of Agreement customs tariffs are removed for all originating products listed in Section 2 of Agreement. Limited reduction of customs tariffs for all originating products listed in Section 3 of Agreement. Implementation of Favorable	With implementation of Agreement customs tariffs are removed for all originating products listed in Section 2 of Agreement. Limited reduction of customs tariffs for all originating products listed in Section 3 of Agreement. Implementation of Favorable Nation for products not

	Nation for products not mentioned in above Sections.	mentioned in above Sections.
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Source: ACIT, Annual Report for Foreign Trade, 2004.

Note: Second column of the table corresponds to the obligations regarding Albania's imports from the Nation that signed the agreement. Third column of the table corresponds to the obligations regarding other nation's imports from Albania.

3. EXPORT REGIME IN REPUBLIC OF ALBANIA

Based on Albania's legislation the term export means permanent removal of products outside the nation's territory. Export regime is applied to all products originating from a specific nation (exporting nation). Meanwhile the re-exportation regime is applied to all products not originating from the exporting nation. Owner of products is usually responsible to declare them for export and pay the appropriate fee.

Albania as a member of the WTO is determined to facilitate and liberalize foreign trade. Albania's Council of Ministers resolution "Import-Export regime of products for and from The Republic of Albania" on September 16th 1999, amends facilitation and liberalization of foreign trade. Therefore, import-export regime in Albania is free except of specific products which based on international agreements are considered dangerous. Such products are as follow:

- a) army material with strategic importance
- b) radioactive materials
- c) medicaments
- d) drugs and **psycotrophe materials**, for which import-export procedures must be accord with international rules and regulations on specific sectors.

Export regime includes all Albanian products destined for export except the ones placed in the passive processing regime. Albanian exports do not pay taxes and there is no specific quota. There are no barriers or other restricting regulations for them.

3.1 Customs procedures regarding Albanian exports

Albanian export regime is based on "Customs Code of the Republic of Albania", which is approved in accordance with European standards. Customs Code of the Republic of Albania entitles the exporter as the person, whose name will appear on the declaration of export and he is the owner of the products or has similar rights at the time the declaration is accepted. If ownership or a similar right is based outside the Albanian territory then the contractual partner based in Albania is considered the exporter.

3.1.1 Declaration of export

All products placed in the export regime must be covered from the declaration of export. Release of products for exports is given only if the condition of the products is the same when they leave the country as they were at the time when the declaration was signed.

Declaration of export is completed based on The Only Administrative Document, which has 3 models. Models 1 and 2 are kept by the export customs office, and the 3

one is given to the exporter to present to the customs when products leave the country.⁴

Declaration of export is presented to the customs office responsible for supervision of the lot where the exporter is stationed, or where the products are packaged or loaded for export. If for administrative reasons or other justifiable reasons the above regulation can not be completed then the declaration can be presented at any customs office responsible for above operations.

3.1.2 Seal

Before their release, for identification purposes the customs office stamps the products with an official seal. All the following must be stamped:

- a) Transport vehicle where goods are being kept if this vehicle is accepted by the respective custom office as suitable to be sealed;
- b) under any other circumstances each package must be sealed individually.

Stamping with official seal is not necessary only if the customs office has other means of identifying the products or the product is described in the declaration of export in a way that is very easy to identify.

3.2 Export customs debt

An export customs debt occurs when:

1. The products being exported from The Republic of Albania with a declaration of export are required export obligations. Customs debt occurs at the time the declaration is accepted
2. Products that are required to pay export tariffs leave the Albanian territory without a declaration of export. Customs debt occurs at the moment that products have left the country physically.
3. When not all export rules and regulations are followed when products, which are excluded or are liable for limited customs tariffs, leave the country.
4. When products, which are excluded or liable for a reduced customs tariff, arrive to a different destination other than the one it was specified when they left the country, or when customs authorities are not able to indicate a time limit for a deadline when proves are required for products eligible to be excluded from customs duty.

For situation (1) and (2), customs debt refers to products that are considered under restricted or limited conditions of any sort during their exportation. Debtor is the person who declares or on whose account the declaration is prepared. Referring to situation (2), debtor is the person in charge or any other person who takes part and is aware that the products leaving the country are doing so without a declaration of export.

Customs debt arises at the nation where facts for creating it happen. The amount of customs debt is decided by customs authorities as soon as they have all necessary elements to establish this amount. Customs debt is registered in the accounting registry. The amount of debt is notified to the debtor as soon as it is accounted for. The debtor can not be notified later then 3 years from the time when the debt occurs.

⁴ Refer to Implementation Provisions of Custom Code, article 434

Payment of debt is made in cash or any other form that has the same payment effect. To satisfy the debt, customs authorities have the right to ask for a guarantee (deposit) from the debtor. Customs authorities may ask for only one guarantee (deposit). With the debtor's request, customs authorities may accept a global guarantee (deposit), which covers 2 or more instances from which the debt arose. If the customs legislation, states that a guarantee must be issued, than the customs authorities establish the amount of the guarantee equal to:

- a) exact amount of the debt/s, if it is known at the time of the request of a guarantee
- b) Maximum amount, based on authorities' conclusion, of the debt/s.

Guarantee may be paid in a form of deposit with the official money of the Republic of Albania, or by a third party's guarantee. It is considered equal as a cash deposit:

- a) If a check is deposited, payment of which is honored by the issuing institution, in any way that is considered acceptable from the customs authorities.
- b) If any other instrument, known from customs authorities as a form of payment, is provided.

In the case that a third party offers in writing to pay for or with the debtor, he must be accepted from authorities and must reside in the Republic of Albania.

A customs debt is considered satisfied when:

- a) it is paid in full
- b) amount owed is canceled (see 3.2.1)
- c) products declared in a customs regime are considered to have an obligation i) when the customs declaration is considered invalid ii) when products, before their release, are sequestrated and/or confiscated, destroyed, abandoned or lost because their nature, because of uncontrollable reasons or other higher reasons.

3.2.1 Reimbursement and cancellation of export obligations

Based on the Customs Code, "reimbursement" means when the full or partial amount of the debt paid is returned to the debtor. "Cancellation" means a decision not to collect full or partial amount of the customs debt, or a decision to cancel accountability of all or partial amount of the export debt owed.

Export obligations are reimbursed or canceled when:

- a) at the moment of payment, the amount was not lawfully owed or the amount was not accounted according to the legal statutes except when this happens purposely.
- b) A customs declaration is annulled.

Export obligations are reimbursed or canceled only if the amount to be reimbursed or canceled is higher than 1 500 leks. Export obligations are reimbursed or canceled when a request is filed with the customs office (see enclosed document), within 1 year of notification to the debtor. A request for products with an export license before depositing its respective declaration must be accompanied with a certification released by the responsible authorities for releasing this certification, which declares that all necessary measures are taken to erase all consequences of the license. For the returned products which have satisfied export obligations, reimbursement or cancellation of obligations is done with the above mentioned request accompanied with:

- a) a payment receipt if payment was made
- b) original or a copy of the declaration for placement of products into free circulation

- c) copy of export declaration given to the exporter at the time that all formalities for exporting products were complete, or a copy of this declaration certified by the export customs office.

Decision for reimbursement or cancellation of export obligations is made with 30 days from the date the request was presented. If all the necessary evidence is in place customs authorities release a written document concerning the reimbursement or cancellation of the debt. This decision must identify clearly all products, reasons for reimbursement or cancellation, use or destination of products, and deadlines all formalities for reimbursement or cancellation must be completed.

3.3 Active processing

Active processing regime means that all products mentioned below must be used in the customs territory of the Republic of Albania in one or more processing operations.

- a) non-Albanian products destined for re-export from Albanian customs territory as compensating products⁵, without paying import obligations or other means of trade politics (*system with suspension*);
- b) products placed in free circulation , with reimbursement or cancellation of import obligations, if they are exported outside the customs territory of the Republic of Albania in the form of compensating products (*system with reimbursement*)

Active processing regime may be implemented only in the even that interested individuals operating the process or the ones responsible for their operation are equipped with proper authorization from the Customs General Department (CGD). This authorization is given:

- a) For individuals residing in the Republic of Albania
- b) When without opposing the two conditions mentioned above, import products may be identified in the compensating products.
- c) When active processing regime helps facilitate conditions for export or re-export of compensating products, on the condition that interest of Albanian producers are not harmed.

Authorization from *system with suspension* is given when the exporter has intentions to re-export the primary compensating products (for those that have authorization to use active processing regime), meanwhile authorization for *system with reimbursement* only in cases when products at the date of acceptance of declaration for placement in free circulation, they are object to limited import quantity or may benefit preferred tariff sanctions or autonomous suspended sanction. If all conditions are fulfilled, the same authorization is expected for *system with suspension* and for the *system with reimbursement*.

With release of authorization, CGD decides the deadline when the compensating products must be exported, re-exported or a decision has been made for the next customs destination. Deadline starts from the date when non-Albanian products are placed in the active processing regime. This deadline may be postponed with a rationale request from the authorizations holder. Deadline date is decided by considering the time needed for completion of processing, quantity of imported products, and time needed to decide a different customs destination for the

⁵ Compensating products are all products resulting from processing operations.

compensating products. Validity **period** of the authorization is decided by the CGD depending on economical conditions and specific needs of the person requesting. If the authorization is still valid for more than 3 years, then conditions from which it was released are periodically reevaluated.

Products on fixed conditions also a part of or all compensating products may be exported temporarily so they can be processed in a foreign country, only if the customs authorities authorize it. In cases when products are re-imported all obligations listed below must be paid:

- a) Import obligations for compensating products or for fixed condition products.
- b) Import obligations for re-imported products, after they are processed in a foreign country, amount of which is calculated according to dispositions regarding passive processing, on the same conditions that would've been applied if exported products under this regime were placed on free circulation before the export.

3.4 Processing under customs control

Customs Code authorizes processing of products under customs control specifying the list of occasions for which this regime may be used. Therefore, processing regime under customs control allows in the territory of Republic of Albania the use of non-Albanian products in operations that change a nature or condition of the product, without dealing with import obligations or other trade policy measures, and placement in free circulation of products gained as a result of these operations against payment of respective import obligations. Product processing under customs control can be done only if a respective authorization released by customs authorities based on interested persons request is in possession.

3.5 Temporary Allowance Regime

Under this regime the use of customs territory of the Republic of Albania is allowed, with a complete or partial exception from import obligations and without dealing with trade policy measures, of non-Albanian products destined for re-exportation, without experiencing changes except depreciation because of usage.

Authorization for temporary permission is given based on the interested person's request. Products may remain under this regime for up to 12 months. This deadline may be postponed for another 12 months with a justified request from the interested person's.

The amount of import obligations for products placed under this regime, with partial exceptions from import obligations, is 3% of the total obligations for these products.

3.6 Passive processing

Based on Customs Code's regulations, Albanian products are allowed to be exported temporarily outside the Albanian custom's territory, so they can be processed and products gained from these operations may be placed in free circulation with complete or partial exception from import obligations. Albanian products may be placed under passive processing regime when:

- a) Their export brings about reimbursement or cancellation of import obligations;

- b) Before their export these products are placed in free circulation with complete exception from import obligations, because of their specific usage, for as long as conditions exist.
- c) Their export brings about the possibility of reimbursement of export payment or financial advantages given for this situation.

Complete or partial exception from import obligations is given for compensating products declared for placement in free circulation on account of the authorization's holder or any other individuals residing in the Republic of Albania with authorization's holders' permission. Complete or partial exception from import obligations is implemented by subtracting from the amount of import obligations to be paid for compensating products placed in free circulation, the amount of obligations needed to be paid on the same date on products temporarily exported, if they were to be imported in Albanian customs territory from the nation where they were processed or the last operation of their processing. Amount to be subtracted is calculated depending on products nature, and other taxation elements.

Interested persons may use of passive practice if they have the respective authorization released from CGD based on their request. This authorization is released i) for people residing in the Republic of Albania ii) when is verified that compensating products are gained from processing products temporarily exported, and iii) when this authorization does not harm key interest of Albanian producers.

Passive processing regime includes also the standard exchange system. This system allows one imported product or otherwise known as replacing product, to replace a compensating product. Replacing products may be imported, before the export of temporarily export products. On this occasion export products must be exported within 2 months from the date of acceptance of declaration for placement into free circulation of replacing products.

Standard exchanges are authorized only when it is possible to verify compliance with conditions mentioned below:

- 1) Replacing products have the same tariff classification, trade quality and technical characteristics with temporarily export products, like they were to be repaired.
- 2) In case that temporarily export products are used before their exportation, than the replacing products must also be used. In other words they can not be new products.

Trade policy measures for imports are not implemented if the standard exchange system is used. Standard exchange system is authorized for use by the CGD when processing operation has to do with repairs to Albanian products. In a general example of product repairs, declaration for implementation of passive processing regime indicates request for release of authorization. For repairs of non-tradable natures, a declaration for free circulation can be used as a request. Repairs of non-tradable nature means repairs of products, including their return to original condition, that based on their nature or usage are not meant for commerce but destined for personal use of importer.

Temporary export of products raises implementation of export obligations and trade policy measures. These sanctions are to be implemented in the time when the declaration for placement of products under passive processing regime is accepted.

Specific trade policy measures for placement of products in free circulation are implemented only when these products are of Albanian origin.

3.7 Transit regime

Transit regime allows movement from one place to another, within customs territory of Albania, of i) non-Albanian products when these products do not have any other obligations or measures of trade policy ii) Albanian products that must satisfy sanctions for their export and for which all respective customs formalities for export are complete.

Transit regime is implemented also for products that pass through a foreign territory, if it is foreseen in an international agreement or product transportation on that nation is covered by a transport document composed in customs territory of the Republic of Albania.

Holder of transit regime must respect all legal regulations for the transit regime. He is responsible to present the untouched products to the customs office of their destination, within their time limit and by respecting sanctions taken from respective customs authorities for identification of products. To make sure payment of any customs debt or other obligation, individual responsible must give a guarantee. Guarantees are not necessary for sea or air transportation or when operations are done through a public railroad company. Persons who use transit regime regularly, have always respected their obligations, have never broken customs or fiscal laws and agree to pay at any time on first request from customs authorities any amount regarding their transit use, may not give a guarantee. These persons also have the right to use global guarantee (covers several transit operations). As a rule, global guarantee is 100% of obligations of all other payments with a minimum of 1 500 000 lek, except instances specified in Implementing Dispositions of Customs Code.⁶

A guarantee is mandatory if:

- a) Value of the products exceeds 1 000 000 lek
- b) Products are considered as dangerous materials concerning level of export obligation

3.8 Exports with Carnet ATA

ATA Carnet is an international customs document for temporary permission determined in convention ATA. In exports, ATA may be used for those products that do not have a reimbursement request pending and /or these products are intended for re-importation. Re-importation of products must follow a deadline determined by customs authorities. If products leaving the customs territory of the Republic of Albania with Carnet ATA, are not intended for re-importation, than the exporter must present in the export customs office a declaration with all respective details.

Possessing a ATA carnet, people interested may implement temporary allowance regime (*see 3.9*). Presenting a Carnet ATA in the respective customs office with intention of using temporary permission regime is the same as presenting a request for authorization and acceptance of Carnet is the same as the release of authorization to use the regime. Products, temporary imports of which may be done with Carnet ATA, are specified in the Implementing Dispositions of Customs Code.

⁶ See, Implementing Dispositions of Customs Code, statute 202 (2)

3.9 Products transit with Carnet ATA and TIR

Movement of products as determined in the transit regime can be done when:

- a) covered with a Carnet TIR if i) this movement has started or will finish outside customs territory of the Republic of Albania ii) if products unloading in Albanian territory are being transported with other products destined to be unloaded in another nation
- b) are covered by a carnet ATA used as a transit document.

Carnet TIR is an international document which allows transport of products from originating customs office to the destination customs office under TIR procedure, determined in Convention TIR.

To use Carnet ATA as a transit document means transporting products from a customs office residing in Albania to a different customs office inside the same territory.

Products transported with Carnet TIR or ATA within customs territory of Albania, are considered as non-Albanian products, except occasions when their statute is determined accordingly.

3.10 Re-exportation, destruction and abandonment

Non-Albanian products can be re-exported, destroyed or abandoned and become a government property within governmental laws. Re-exported products must satisfy all procedures needed for exportation of products and all other measures of trade policy. Customs authorities must be informed in any case of re-exportation or destruction of products. For products destined for re-exportation, which are placed under an economic regime while staying in Albania, it is necessary to deposit a declaration for the respective regime.

4. CREDIT AND REIMBURSEMENT OF VAT FOR EXPORTS

Credit and reimbursement of VAT for exports is done based on the law nr. 7928, on 04.27.1995 "On Value Added Tax" changed, Directives of Minister of Finance nr.7 on Jan.19th, 2005 "On Value Added Tax" and "On determining criteria of VAT reimbursement for exports based on risk analysis"

Albanian legislation classifies TVSH on 0% in regards to:

- a) products being exported from Albanian territory
- b) supply of services occurred outside Albanian territory from a taxable person, whose nation of economical activity, is Albania
- c) Supply of products or services regarding international transports of products or passengers
- d) Supply of products or services in regards to commerce or industrial activity in sea.

A receipt and the Only Administrative Document, or customs declaration for export, are needed as a proof of export. With declaration of export, exporters have the right to credit paid TVSH with purchases reliant of exports. Therefore, taxations authorities recognize as discountable the paid TVSH on purchases made for finished exports or to occur.

If a supply of products or services is used partially for intentions of taxable supplies occurred or to occur and partially for suspended supplies, only a partial credit is allowed. Therefore percentage of TVSH credit is determined on the formula below:

$$\% \text{ VAT crediting} = \frac{\text{Taxable turnover} + \text{exports}}{\text{Taxable turnover} + \text{exports} + \text{excluded supplies}}$$

Two credit percentages are calculated a) *starting percentage* which uses the previous calendar year, and b) *final percentage* which uses current calendar year when the purchase occurred.

Overall, if tax credit for a taxation period is higher than the TVSH implemented in that period, taxed individual has the right to use the credit surplus for the following taxable period. Taxable persons have the right to request a reimbursement of the credit surplus, when they carried a taxable credit amount for 3 months and when this credit is higher than 400 000 lek. If taxable persons are in accordance with these conditions, then they may file a “Request for Reimbursement” as shown in the attached document and send it to the respective taxation branch which, afterwards, follows all the reimbursement procedures.

For TVSH reimbursement purposes all taxpayers that meet all respective dispositions of Customs Code are called exporters, and also they whose monthly value exceeds 50% of total sales including exports.

Credit surplus to be reimbursed for exports is considered as a product of total value of exports in a month (N) with TVSH’s total. Total value of one month’s sales must exceed 400 000 lek. To benefit a TVSH reimbursement, exporters must present to the tariffs authorities the original copy of the Customs Declaration of imports in the foreign nation.

Exporters reimbursement must be done while analyzing the risk based on procedures described on the Instructions from the Finance Minister “On specification of criteria for reimbursement of TVSH to exporters based on risk analysis. Therefore, based on these instructions, exporters are classified as follows:

Group A – Exporters with minimal risk who have reimbursement advantages. In this category fall those export companies that: a) produce 100% for exporting, b) have practiced export activities for over 3 years, and c) have been tax audited at least once in the last 2 years.

Group B – Exporters with medium risks. In this category fall those export companies that: a) export over 50% of their production b) have practiced not less than 3 years, and, have been tax audited at least once in the last 3 years.

For reimbursement of credit surplus for these two exporting groups it is important that they:

- a) Do not have tax obligations placed from taxation department auditors with methods described on statute “For taxation procedures”.
- b) Record their accounting entries and other important documents according to statute “On accounting” and “On documentation of taxable accounts”
- c) Satisfy in full and on time all tax, customs and social security obligations.
- d) Present a list of subcontractors they work with.

Group C – **High** risk exporters. In this group fall all other export companies which will be audited before their reimbursement.

Companies in Groups A and B may be audited if their requests for reimbursement show a higher amount than their usual reimbursement

Export companies do their own categorizing. After their evaluation, tax administration releases a tax certificate of Category A, B or C. Based on risk analysis, Category A exporters are reimbursed within 15 days from the date of their request, Category B exporters within 25 days and category C exporters with 30 days.

5. RULES OF ORIGIN

5.1 Non-preferential origin

Regulations of non-preferential origin describe conditions products must meet to be considered with an origin from a specific nation. They serve for implementation of customs tariffs of that nation, and also implementation of different measures regarding trade of products which change, based on these tariffs.

Customs Code of the Republic of Albania describes the products from a specific origin, as products totally produced in that nation. These are:

- a) Mineral products from a specific nation
- b) Herbal products produced in a specific nation
- c) Live animals born and raised in a specific nation
- d) Products of live animals raised in a specific nation
- e) Hunting or fishing products from a specific nation
- f) Fishing products or other sea products taken from outside water territory of a specific nation, from registered boats of that specific nation and that fly their nation's flag.
- g) Products produced on boards of ships from products mentioned on (f) with origin from a specific nation, on the condition that these ships are registered and fly the flag of that specific nation.
- h) Products collected from the oceans bed or under the oceans bed outside the water territory of that specific nation, on conditions that this nation has exclusive rights to utilize that territory.
- i) Waste gained from production activities and non-usable products, collected in that specific nation and are used only as a primary material.
- j) Products produced totally and only from products mentioned from (a) through (i) or as their sub-products.

If more than one nation is involved in production, than their origin is specified as from the nation where these products had their final and/or main modification and are economically justified, that is modified in a factory equipped for this reason, or when it represents an important processing stage.

Chamber of Commerce releases a *certificate of non-preferable origin* for Albanian materials produced under its jurisdiction. This certificate is released when a written request is submitted from the interested person. If he or she is engaged in constant export activity he may not file a request for every export operation. All necessary evidence must be listed in the certificate of origin released by the Chamber of Commerce such as, number of cartons, their nature, distinguishing marks and serial numbers, type of product, net weight and product net weight, senders name etc. A model of this certificate and request is attached.

5.2 Regulations of preferential origin (General System of Preferences – GSP)

Albanian legislation regarding regulations of preferential origin is somewhat equal to that of the European legislation. Regulations of preferential origin indicate the conditions all products must meet in order to determine their origin so they may benefit from preferential tariff measures as described in Agreements the Republic of Albania has signed with nations or group of nations, or in the frame of preferences given by nation or group of nations. Products are considered with Albanian origin if:

➤ ***They are completely produced in Albania.***

Products with Albanian origin are those products that:

- a) mineral products excavated from its land or sea bed;
- b) herbal product planted and collected in Albania
- c) Live animals born and raised in Albania
- d) Products from live animals in Albania
- e) Hunting or fishing products from Albania
- f) Fishing products or other sea products gathered with Albanian ships.
- g) Other products gained from Albanian factory-ships, produced exclusively with products from section (f).
- h) Used products collected in Albania and used only as a primary material.
- i) Surplus or waste obtained by producing operations in Albania.
- j) Products collected from sea bed outside Albanian territory, on the condition that it has exclusive rights to do so.
- k) All products produced in Albania with products mentioned from (a) through (j)

All floating equipments mentioned above are called Albanian if they are registered and fly the Albanian flag. They must also be owned by Albanian citizens, or companies with at least 50% of operations in Albania. Their crew must be at least 75% Albanian and their captains and officers must be Albanians.

➤ ***Are attained in Albania, but for their production non-Albanian products were used, on the condition that they gain sufficient changes or repairs.***⁷

Based on Customs Code dispositions, operations considered insufficient to receive status of Albanian origin are as follows:

- a) Operations that intend to preserve in good conditions, products during their transportation or storage.
- b) Easy operations such as dusting, categorizing, combining, washing, selecting:
- c) Replacement of packages
- d) Placement of makes, tickets, or other identifying marks on products or cartons.
- e) Mix of products, whether the same or different products, when one or more elements of the mix does not meet the necessary requirement to receive a status of Albanian origin.
- f) Putting together (building) different parts of a product creating the final product.
- g) Slaughtering of farm animals.

Certificate of preferential origin is released by the customs office where the export customs declaration was presented at the time of exportation of products. This certification is released only with a written request from the exporter or his

⁷ A list of sufficient changes or repairs needed for these products to receive an Albanian origin is given in section 4 of the Customs Code

representative. To receive this certification the exporter must present to the respective customs office all supporting documents that demonstrate completion of all conditions for release of the certification. A copy of this certificate is attached. Below is a list of nations that have accepted its construction, for implementation of General System of Preferences (GSP)

- Australia
- Canada
- Japan
- New Zealand
- Norway
- Switzerland
- USA
- Belarus
- Bulgaria
- Russia

All EU nations were a part of this list, but since 2000, 5 Balkans nations (including Albania) are included in Autonomous Trade Preferences (ATP) regime. Based on this regime, document required to identify origin of products is the certificate for circulation of products EUR.1 (see below)

5.3 Identification of origin based on ATP

Same conditions are applied to receive an originating status based on ATP scheme as those required to receive originating status with GSP system. However, under ATP schemes, Albanian products are also called those products originating from another EU nation but are processed beyond operations considered insufficient for receiving status of origin. (see 5.2)

Groups of articles are considered as products originating from Albania only if the component individual articles are of Albanian origin, as described in General Interpreting Regulations nr.3 of the Harmonized System. When a group of articles is composed of products with Albanian origin and articles of non-Albanian origin will be considered as an Albanian product only if the value of the non-Albanian articles does not exceed 15% of the *ex-works*⁸ price for the group of articles.

It is not necessary to specify origin of products mentioned below, even if they were used for manufacturing other products, to decide whether a product is of Albanian origin or not. These products are:

- 1) Energy and gas used
- 2) Equipment and manufacturing lines
- 3) Machinery and instruments
- 4) Materials that are not included and were never planned to be included in the final products.

Products with Albanian origin that are exported once from Albania but have been returned, may not be considered as products with Albanian origin anymore, unless instances when its clearly demonstrated to customs authorities that:

⁸ *Ex-works* cost means the price paid to the producer, who agreed to perform final reparation or transformation of the product. This price contains in itself the value of all materials used for production, after interior obligations are subtracted which actually are reimbursed or may be reimbursed when final product is exported.

- The returned products are the same as the ones exported
- They did not go through any transforming operations besides the necessary preserve their stage while staying in the foreign nation.

While implementing everything mentioned above, products with Albanian origin may be imported in the EU and benefit from autonomous tariff preferences on the condition that they are transported directly to the EU accompanied with a circulating certificate EUR.1.

This certificate is released by the Albanian customs authorities as soon as export occurs or is about to occur. This certificate is released based on a written request by the exporter or his authorized representative. This request must also include declaration of merchandise being exported and other necessary documents needed to verify their origin. A model of the request, declaration and certificate EUR.1 is attached. Certificate EUR.1 may be released after export of products if it was not released at the time of import because of mistakes or accidental reasons, unforeseen circumstances or when it was released but not accepted by EU customs authorities for technical reasons. Under these circumstances, EUR.1 must be stamped legible with “ISSUED RETROSPECTIVELY”.

5.4 Attaining status of origin based on FTA

Free Trade Agreements (FTA) foresees a more wide preferential attains of origin because a part of these agreements are:

Bilateral Cummulation – is the exchange process and reciprocal recognition of preferential origin of products attained in one nation with primary materials imported from the nation where they will be exported.

Diagonal Cummulation – is the exchange process and reciprocal recognition of origin of products attained in one nation with primary materials from one or two importing nations, which have free reciprocal agreements, and the products can be exported to either of these nations attaining preferential origin.

Total Cummulation – is the exchange process and reciprocal recognition of preferential origin of products attained in one nation with materials from one or all importing nations, which have reciprocal free trade agreements and the final product may be exported to each of these nations attaining preferential origin.

Also in this instance, the document certifying origin of products is certificate EUR.1 released in compliance with all conditions mentioned above. Exporters who apply for certificate EUR.1 based on FTA-s must be prepared to present to the customs authorities all necessary documents verifying origin of products. These documents are as follows:

- a) documents that verify all steps taken by the producer for attaining of these products and can be found in their accounting registry.
- b) documents that verify status of origin of all materials used, released from one of the contracting parties.
- c) documents that verify that products have been processed from one of the contracting parties.

SYSTEMS OF QUALITY AND FOOD SAFETY MANAGEMENT

The fact is that during the past decades there has been an increasing preoccupation for quality of products being sold and consumed. Progress of trade relations between Albania, EU and other nations of the region, requires all business organizations in Albania to widely apply quality management systems and food safety. Therefore it is required that industrial products meet all international standards which serve as a guarantee for their quality, and for food products quality relates more to the fact of how safe these products must be.

There exist different types of systems on quality management and food safety. In agriculture and agro industry, besides following Codex Alimentarius regulations, to be successful in the international arena, business organizations must apply such systems like HACCP and EUREPGAP to guarantee safety of their products (European law for foods clarifies conditions products must meet for trade in the EU markets.) Industrial products on the other hand must comply with ISO standards to be successful in the international markets.

1. EUROPEAN FOOD SAFETY LEGISLATION

European Legislation for Foods has been developed while going through different stages. Since the establishment European Community in 1957 until the mid 90s, European legislation for foods was mainly oriented on creating an internal market for food products inside the EU. On December 2001 European Commission presented its vision for future expansion of foods legislation through: “White paper on food safety”. This meant a shift of attention from creating a mutual market, to achievement of the highest standards possible in safety of products. White Paper intends to increase and keep customer satisfaction and trust. ON this note, the commission decided to commence few measures for standard improvement of food safety. Within 3 years a considerable amount of statutes and regulations have been approved, while many other are under deliberation. These statutes and regulations cover a wide variety of fields such as: animal products, protection of consumer’s health and responsibility for safe products (industry, producers or suppliers). **These statutes and regulations are implemented for all import/export to and from EU nations.**

Foundation food legislation is **Regulation 178/2002** also known as “*General Food Law*” (GFL), which has a main goal of achieving the highest levels of consumer health protection and also their interests for food products.

1.1 Definitions

Article 2 of GFL defines “*food*” as a substance or product, processed, half processed or not processed that is to be chewed or swallowed by a human being. Food can include items such as drinks, chewing-gum and every other substance, including water, which are included in the production process, processing, preparation or treatment.

With “*food business*” we understand every initiative, whether for profitable reasons or not, private or public, which has to do with any production, processing, or distribution activity of food.

“*Operator of food business*” is every person responsible that the business satisfies all legal requirements.

1.2 Food safety: A duty of care

One of the main principles of GFL is food safety. Therefore GFL imputes food business operators for the safety of food being sold. Article 17 of GFL says: “*Foods and food business operators engaged in any production, processing or distribution activity must ensure they satisfy all requirements of the respective laws and also for their specific activity, and also verifying that all these requirements are fulfilled*”. Food products are considered not safe when they dangerous and not fit for human consumption.

1.3 Composition of food

European legislation for food is implemented in every aspect from the farm until it reaches the consumer (*from farm to fork*). As far as food contents we must distinguish between those components added by the producers – such as primary materials, and unintended contamination of products. It is very important to determine the amount raw materials are subject for approval before entering the market and how far do restrictions go for presence of contamination in foods.

Raw materials traditionally used and are safe are called “*ingredients*”. Generally, food producers are free to select ingredients without getting permission prior to trading the products. Ingredients that have not been used within EU are called “*novel foods*” and it is necessary for an authorization before they are released in the market.

Raw materials that are not consumed as foods are called additives. Use of additives is prohibited and an authorization is required. An authorization is also required for Genetically Modified Products (GMP).

1.3.1 Additives

Based on Directive 89/102, an additive is every substance that normally is not consumed as food and is not an ingredient of food products, intentionally mixed in the products for technological purposes during production, processing, preparation, treatment, packaging, transportation and storage becomes, directly or not, a component of the products. An appendix of this Directive lists additives divided into categories such as: antioxidant, colorant, sweeteners, gelatins etc. Available in this appendix is also the list of acceptable additives to be used according to products and acceptable doses to be used.

1.3.2 Novel foods

Food products and ingredients which, to some extend have not been used inside the EU for human consumption must go through an assessment process before they are introduced to the market. Based on Regulation 258/97 there exist four different categories of novel foods.

1. Food and food ingredients with a new molecular structure or purposely changed.
2. Food and food ingredients containing or from which are separated micro-organisms like mushrooms or algae.
3. Food and food ingredients containing or from which are separated herbs and food ingredients separated from animals excluding food and food products attained and distributed based on traditional practices and have a reputation of safe products.
4. Food and food products on which have been applied a production process never used before, which changes in a significant way its structure or components and food ingredients, and has an effect in nourishing value, metabolism or level or unwanted substances.

Novel foods must not present any danger for consumer, and must not be of a lesser quality than the product they substitute. Before they get introduced to the market, novel foods must go through an evaluation process from Community. An authorization is released based on this evaluation. On this authorization are described reasons for release, and if necessary conditions for use, description of food or food ingredient, specifics for labeling requirements, etc. Therefore, the above regulation determines mandatory elements to be listed on their labels:

- Any characteristics such as content, nourishing value or use intentions that make it different from an existing product.
- Presence of materials that might have an effect on someone's health.
- Presence of materials that raise ethical problems.

1.3.3 Genetically Modified Foods (GMF)

Since April 2004, genetically modified foods make a separate category for novel foods. This means that since this period, GMF are regulated through specific regulations. Before these products are released in the market, they must go through a double evaluation. Therefore, it is necessary to have one authorization for their release in the environment and another one for use of GMF in foods released based on the criteria set on Regulation 1829/2003. Once this authorization is obtained it is good for 10 years.

1.4 Restricted substances

Besides raw materials that producers intentionally puts inside final products, several chemicals and microorganisms find their way to the food product. Regulation 315/93 gives way to determination of maximum levels of specific substances in foods. These substances include contaminants and residue. Based on effective legislation a *contaminant* is every substance which unintentionally gets into food products during production, (including multiplications of herbs and animals and veterinarian medicines), processing, preparation, treatment, packaging, transportation and storage of this product, or as a result of dirty environments. This definition does not include insect parts, animal hair etc.

A different kind of contaminant is residue form from veterinarian medicines, additives in food products (i.e. meat, milk, eggs etc.) and herbal chemicals. Regulation 466/2001 determines maximum level allowed of these elements in food products. If these levels are exceeded, than this product is not allowed to enter the market.

1.5 Food products handling

General Food Law (GFL) specifies that operators in food business are responsible for completion of all requirements regarding the safety of products during production, processing and distribution. Therefore there are regulations for management of food products. Some of them are intended to stop problems that might rise with food safety, some to prepare public if they are affected by these problems and some others have to do with regulations which show obligations and instruments to use in case of problems with food safety.

1.5.1 Hygiene

Food safety depends from the way they are produced. For this reason there are regulations to ensure the use of secure methods during the production process.

European legislation for food products hygiene is very wide. One of the main directives is No: 93/43, which refers to *hygiene* as measures and necessary conditions to follow in order to control risks and make sure that products may be consumed from the public as food. One of the main conditions for food products to be hygienically acceptable is implementation of HACCP system (Hazard Analysis and Critical Control Point.) GFL states:

1. Food business operators must implement regularly procedures of HACCP system.
It base principles are:
 - a. Identification of any hazard that can be prevented eliminated or reduced to acceptable levels.
 - b. Identification of main points of control to that extend, that it is able to prevent, eliminate or reduce a specific hazard to acceptable levels.
 - c. Settlement of limits regarding main points of control which separates what is acceptable and what is not, to prevent, eliminate or reduce identified hazards.
 - d. Creation and implementation of effective monitoring procedures in the main points of control
 - e. Installment of correcting procedures in case a main point is not under control.
 - f. Creating procedures that must be implemented regularly to verify the above measures are being productive.
 - g. Maintaining proper documentation and respective folders in accordance with the nature and size of business to show that all measures taken are effective.

All these must be applied by operators in agro industry engaged in production, processing, and distribution of food products. In the case that there has been a modification in products, production process or any other phase, then operators must make necessary changes in the respective procedures.

1.5.2 Traceability of products

Experience has shown that functioning of internal markets for food products may fail if there hasn't been possible to trace products step by step. Therefore it is important that a tracking system is created within the agro-food sector, so it is easier to recall or withdraw from the market any hazardous product. Under these conditions, it is necessary that business operators or even importers are able to identify businesses from which they have been supplied with any kind of food, herbs, animal or substance, incorporated in the final product. This shows that the product has been traced step by step.

Main objective for product traceability is to create an instrument able to discover where problems originate from and also identify all products that seem to have a problem. For this reason, operators in food business must keep documentation for all transactions. Therefore they must be able at all times to answer questions such as “Where did it come from and where did the product go?” GFL states:

1. Traceability of food products, animals that produce food and of any other substance that might or is expected to be used in a product must be completed within all steps of production, processing and distribution.
2. Operators in food business must be able to identify every person from which they were supplied with food products, animals that produce food, or any other substance that might or is expected to be used in a product. Based on this, operators must implement systems and procedures that can make possible this information is available to authorities upon request.
3. Operators in food business must implement systems and procedures that can identify other businesses where their products have been sold.
4. Food products released in markets or are expected to be released in the markets must be labeled and identified properly in order to achieve a successful and easy tracing of product. Documentation and information must be correct and proper.

1.6 Necessary measures for unsafe products

Operators in food business can not release non-safe products in the market. Problems with products may appear after their release. If an operator in the food industry thinks or has reasons to believe that a product, which is imported, produced or distributed, does not meet all requirements for food safety, he must first begin procedures for recall of this product and contact the responsible authorities. If products have reached the consumer, the business operator must inform them of the reasons for recalling the product, and if it is necessary to request recall of bought products when other measures are not sufficient to ensure a high level of protection for consumer's health. Operators in food business must cooperate with authorities for all precautions they implement to eliminate or reduce risks caused from their products.

1.7 Labeling

For their own protection consumers must make sure they are well informed of the ingredients in a product. There are many regulations regarding responsibility of operators in food business to give to the consumer all necessary information on products they consume. One of the main regulations regarding this is “labeling directive” 2000/13 of European Parliament.

Labeling is every word, specific information, trade mark, symbol or figure that has to do with the food product placed in every package or document that refers to this product. All prepackaged products must be labeled in an understandable language (usually is the national language). It is not necessary to provide all the information in the labeling. Some information is mandatory, some is limited and some others are prohibited to label. Regardless, labeling must be understandable and not disorienting. Important information that must be provided is:

1. *Name under which product is sold.* – Name seen on the label does not refer to a created name such as “Twix” but its subtitle which informs consumers of the

nature of the product “chocolate bar with milk and covered with caramel and crackers”.

In many instances, on food products labels are seen names of regions, nations or geographic zones which show origin of products. Regulation 2082/92 on agricultural products, define rules on how the origin of products (PDO) and their special attributes derived from the geographical characteristics of the country (PGI) are protected. This regulation allows small producers to apply one of these quality symbols to show and promote their products without having a trade mark for their product as it is very expensive. **PDO** is defined as the name of a region or specific nation, used to describe an agricultural or food product originating from that region or nation, whose quality or its characteristics are mainly or totally a result of its geographical environment thanks to its natural or human riches and production, processing and preparation of which is completed inside this zone. **PGI** is defined as the name of a region or specific nation, used to describe an agricultural or food product originating from that region or nation which has specific qualities, reputation or characteristics attributed to this geographical origin and its production, processing and/or preparation of which is completed inside this zone.

2. *List of ingredients or their categories and respective quantities* – This list must include every substance or additive used in production and preparation of a food product and its present in the final product even though in a different form. Ingredients must be listed according to a decreasing regulation of contents. This means that quantity of ingredients must be mentioned also.
3. *Net weight* – if the product is prepackaged.
4. *Expiry date* – or period, within which product must be consumed.
5. *Name of business* – and address of producer, **packager** or retailer.
6. *Conditions under which the product must be preserved and used.*
7. *Details on its origin* - otherwise it may be disorienting for the consumer.
8. *Instructions for use of products* – if in case its use is confusing without instruction.
9. *Alcohol volume* – for all alcohol products containing higher than 1.2% of alcohol volume.

1.7.1 Health and nutritive values claims

Directive for Labeling of products determines that labeling of food products must not attribute its ability to stop, treat or cure any disease. The question of how much the labeling and advertisement of products can communicate to consumers that a product has some beneficial qualities, is still open. In July 2003, European Commission presented a Regulation draft on declaration of product's nutrition and health facts. Therefore, declaration of nutrition and health facts are allowed only if they are based on accepted scientific facts. Operators in food business must entirely justify his declarations.

Declaration on nutrition facts is every declaration which determines, suggests or incites that a product has specific nutrition facts as a result of:

1. Calorific value it has or its reduced/increased energy.
2. Nutrition or other substances that it has, whether in reduced or high levels.

Declaration for health facts is every declaration which determines, suggests or incites that there exists a connection between a food category, specific food and any other ingredient with health. For member nations of the EU, declarations for health must be

authorized by the Commission. This authorization is given based on a valuation from EFSA (European Food Safety Authority).

2. Codex Alimentarius

Main objective of Codex Alimentarius program is protection of consumer's health, insuring reliable practice in food trade and promotion of coordination of all standards regarding food obtained from governmental organizations or not.

Codex Alimentarius consists in a group of standards for foods, codes of practice and other recommendations presented in uniform manners. Some Codex may be adaptable for all processing companies, some others may be specific for some products or processes. An example of Codex Alimentarius is Recommended International Practical Code, which exists since 1969 but was reevaluated in 1999. According to FAO these principles create the basis that a company can assure the safety of the products they offer. They must be used with specific codes on hygiene practices and instructions on microbiological criteria. This code is implemented on all channels of production, starting with the very beginning (farm) to their final consumption.

Besides regulations regarding products, Codex Alimentarius Commission⁹ has determined a variety of instructions regarding production, processing, marketing and labeling of products "niche" or specific foods. Codex Alimentarius consists also on a group of regulations that determine Maximum Remaining Levels (MRL) and Maximum remains Levels of Veterinarian Medicaments.

Besides applicable for production and processing of food in general, there are other codex that have to do with specific products. The most important Codex Alimentarius are those for fruits, veal meat and fish products.

Codex Alimentarius standards are mandatory for implementation, because they give at least the minimal level of safety; the products must meet for them to be able to enter the market. These standards have been adopted in the form of regulations by all EU member nations. In Albania, a number of statutes regarding food, food products with animal or herbal origin, live animals, certification and licensing in the agricultural and food field are being adapted according to Codex Alimentarius.

3. EurepGAP

EurepGap is an acronym that unites two ideas. EUREP represents Euro-Retail Produce Working Group and GAP which means Good Agricultural Products. Euro-Retail Produce Working Group, a small committee of retailers started cooperating with GAP on October 1997. The main objective was promotion and encouragement of better practices in produce cultivation, production of animals and ornamental flowers/herbs. GAP consists on regulations used from the international community to insure safe working environments for workers in the fields of agriculture and also insuring safety of environments from agro-chemicals therefore guaranteeing production of healthy food.

⁹ Codex Alimentarius Commission was created in 1963 from Food and Agricultural Organisation (FAO) and World Health Organisation (WHO) to develop standards, instructions and other documentations regarding foods like practical code under their united programs – Food Standards Program (FSP).

Governments, NPO-s (non profit organization) and trade institutions also develop several forms of standards and policies GAP which can be voluntarily, regulating or private. EUREPGAP and also other similar norms, does not focus in organic agriculture but encourages production with lesser use possible of chemicals.

Every producer of fresh foods, who trades them in European nations, must adhere in EurepGAP. To obtain EurepGAP certification, farmers may apply individually or by forming a group known as Production – Marketing Organization (PMO). They may also request certification individually for some regional standards accepted by EurepGAP. Licensed farmers in EurepGAP must go through an annual inspection process from a certified auditor.

EurepGap represents a wide list of regulations, about 255; called control points (CP) and all farmers requesting a certificate must obey. Annual inspection from certified auditors is done in three categories:

MAJOR MUST – in this category fall 41 control points which farmers absolutely must obey. (They must not fail on applying any of these points.)

MINOR MUST – This group has 122 control points in which farmers may fail on only 6 of them.

SHOULD – has 92 points. Level of tolerance in regards to these points from farmers is higher than the other two categories. Farmers must be ready to present a written plan regarding unapplied points and are identified from auditors.

4. HACCP- Hazard Analysis and Critical Control Point

HACCP¹⁰ is a system focusing on the safety of food products. Main objective for implementing this system from business organizations is to make sure consumers get the safest products.

Principles of HACCP are applicable for any kind of business activity (production, processing or distribution) in food industry and for any kind of company regardless of its size.

To have an effective HACCP program it means to acknowledge, understand and implement correctly 7 main principles of this system. These are:

a) Risk analysis

Risk analysis has to do with creation of a list with all possible steps of a specific process, during which may appear risks with biological, chemical or physical characteristics that result in an unsafe product for the consumer. This also includes a list describing necessary measures for any possible risks.

b) Identification of critical control points.

A Critical Control Point (CCP) is a “point, step or procedure” in a process in which a control can be implemented and as a result a risk for food safety may be stopped, reduced or maintained in acceptable levels. For any important identified risk, must have at least one CCP that corresponds with its control. On the other hand, one CCP may control more than just one hazard.

¹⁰ HACCP was first used in 1960 from Pilsbury Company to make sure that food consumed by astronauts was safe.

c) Determining critical limit points.

Critical limit point is “minimum or maximum value under which a physical, biological or chemical hazard may be controlled in CCP to stop, eliminate or reduce in an acceptable level, reappearance of an identified hazard that has to do with food safety.” Critical limits are expressed in numbers or other specific parameters based on eye observation, such as Celsius for temperature or minutes for time. Below is a diagram for determining CCP.

d) Determining of monitoring procedures

This determines procedures for use of monitoring results to regulate the process and secure control's continuation. Monitoring consists on few observations and measurements to evaluate if a CCP is under control and to provide information for possible verification in the future. Monitoring is easier if managers:

1. Monitor critical limit values in a way that they are able to answer “What, how, what is the frequency, and who?”
2. identify employees responsible for monitoring
3. Train employees responsible for monitoring of CCP in regards to testing procedures, critical limits procedures, methods for registration of information gathered from tests, and necessary measures needed in case of excess of limit values.
4. Ensure that employees understand the goals and importance of monitoring.

e) Determining of corrective measures.

Corrective measures correspond to the procedures that must be followed in case of any variation. Variation in this case, has to do with failure to reach a limit value.

HACCP is a preventive system which corrects problems before they affect food safety. Correcting measures are needed to ensure that:

- a) variation reason is identified and eliminated;
- b) CCP is under control after initiation of correcting measures;
- c) There exist measures to prevent a variation recurrence.
- d) No hazardous product has been distributed.

f) Determining verification procedures

This principle helps to determine procedures that prove the HACCP system is functioning properly and also procedures for its protection. Verification is separated in 3 categories:

1. *Validation* – Testing if the process that has a limit value prevents, eliminates or reduces hazard to acceptable levels.
2. *Verification* – To ensure that all necessary information is documented properly.
3. *Re-evaluation* – There must be a re-evaluation at least once a year taking under consideration other new hazards and also evaluating new changes in preparation, raw materials, ingredients, personnel, product packaging or any other modification that affects risk analysis.

g) Determining of necessary procedures for documentation.

To have all necessary documentation means to have correct and complete information stored. Documentation is a very important part of HACCP system. There are 3 types of information needed to be documented: a) information on practices that reduce

possibility of hazard reappearance; b) information on HACCP plan and corresponding reevaluation in regards to validity and verification c) information on limit value operation and calibration.

4.1 Implementation of a HACCP plan.

An HACCP plan is a written plan based on HACCP principles and indicates procedures that need to be followed to ensure that a specific process or procedure is under control. An HACCP plan must include all information below:

- **Information on organization** – Name of organization, address, telephone numbers, number of employees committed in food safety.
- **Specifics on products**- Full description of the product, safety information, raw materials, ingredients, packaging, warehousing conditions, labeling, logistics, use, use methods that ensure that ensure the product will remain safe.
- **HACCP group** – Organization must appoint a work group to compose and implement a HACCP plan. It needs to appoint a group leader who is responsible for planning and facilitation of activities of the work group. This work group must consist of specialists in different fields depending on the type of product and also depending on the departments of the organization and that are related to HACCP system. Duties, responsibilities and authority of each member of the work group must be decided properly.
- **Flow process Diagram** - this diagram gives a full description of all execution phases of product/services from the moment materials are obtained to the final product. In details this diagram must include : a) details on raw materials and ingredients b) recording step by step of any process, including transportation, warehousing etc. that has an influence in food safety c) materials used for packaging d) refinement possibilities e) possible delays in processing f) other important information in regards to food safety like temperature, pH etc. This diagram must also provide all necessary information to identify possible risks. It must be verified and documented.
- **Risk analysis and preventive measures** – All possible risks, either chemical, physical or biological related to the product in each stage of its process (materials, processing, warehousing, distribution) to its consumption, must be identified and documented. In risk analysis, the following must be considered:
 - All risks that may appear in each stage of process, from its preparation to the consumption and also determining the health hazard level.
 - Evaluation of risk, including the probability of its presence and other qualitative and quantitative issues.
 - Raw materials and ingredients
 - Product characteristics
 - Process scheme and its parameters
 - Facilities and equipment for processing
 - Facilities and warehousing conditions
 - Packaging materials
 - Methods of distribution and their use
 - Sanitation conditions and control procedures.

HACCP plan must be modified in case of changes in raw materials, ingredients and their source, methods or processing systems, quantity produced, packaging, personnel, distribution of final products and its use. Organization must determine preventive measures for each identified risk. Preventive measures must include specifics on products, control of the process, warehousing and distribution, procedures of sanitation control, maintenance and training.

- **Critical Control Points (CCP)** – All important risks must be kept under control and within acceptable limits according to measures given in one or more critical control point.
- **Critical Limits** – For each critical control point, critical limit must be specified and documented. Critical limits are determined based on legislation, related regulations and standards, and also based on information from different experiments and literatures. These limits must be reached within the producing company.
- **Monitoring procedures** – assignment of monitoring procedures is necessary to ensure that all critical limits for each CCP are achieved. Monitoring procedures must include planned measures that indicate CCP are under control. These procedures must clearly determine what is being monitored, methods of monitoring, frequency, trained personnel responsible for monitoring. Monitoring system must be able to answer any irregularity. Monitoring results must be registered and documented.
- **Corrective measures** – Each Critical Control Point (CCP) must have a correcting activity. It must be implemented whenever there is a deviation. Correcting activities include the personnel that has the responsibility and authority to undertake correcting activities, identification of infected products, correction of reasons for deviation, evaluation and elimination of unsafe products, verification and evaluation of correction activity's effectiveness, modification of HACCP plan if limits are surpassed consistently. These activities must be reviewed constantly from authorized personnel and documented.
- **Verification procedures** – Organization must determine, implement, and save documents related to these procedures in order to plan, specify and undertake activities that guarantee effectiveness, adaptability and successful execution of HACCP system.

Verification procedures must clearly determine who are the responsible persons, their authority, what are the evaluating methods and frequency of verification and also calibration of monitoring equipment and evaluation of consumer's complaints. HACCP must be up to date on changes in information technology.

Verification procedures include, but not limited to:

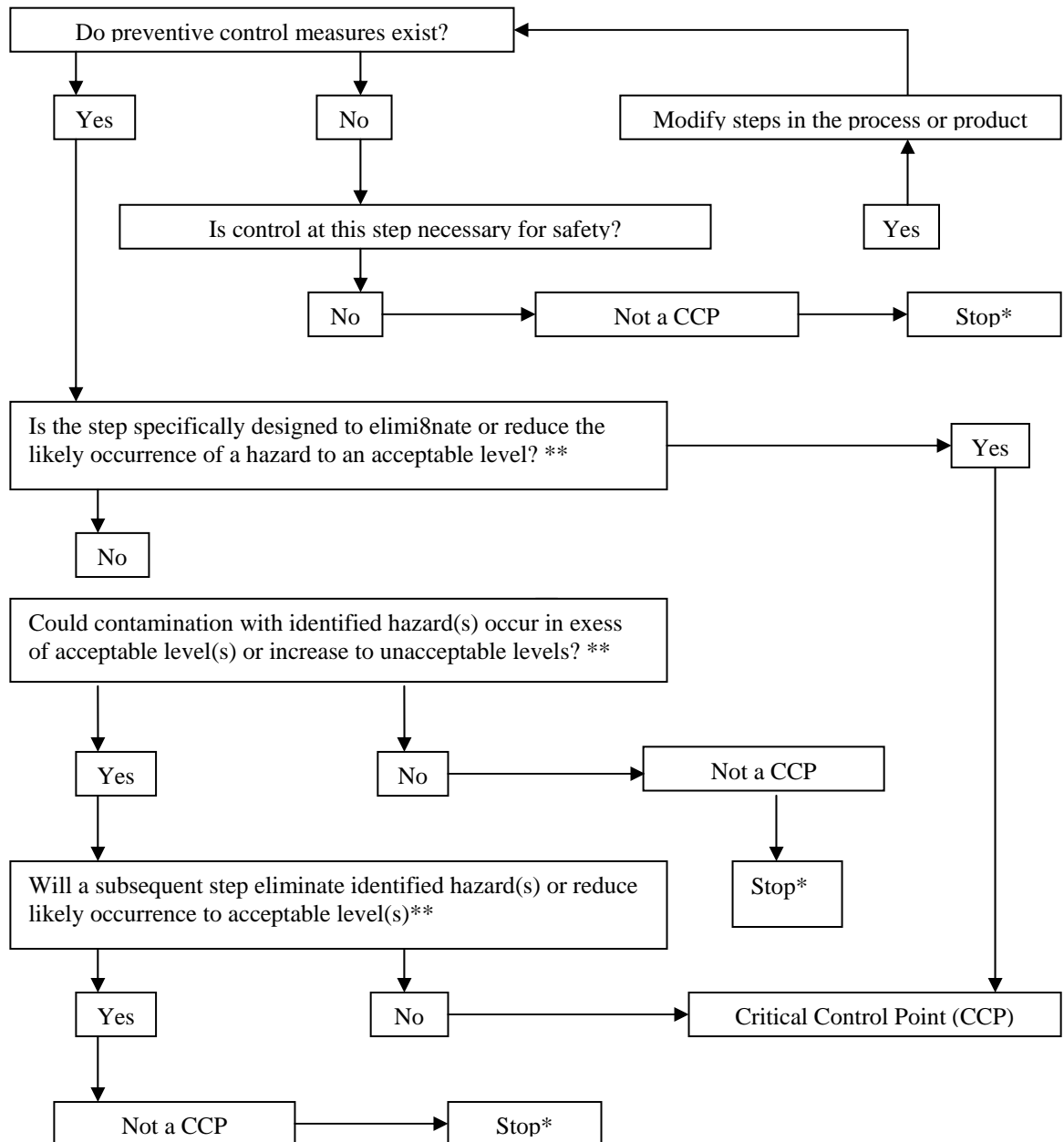
- a) Initial validation of elements in HACCP plan, like the diagram of process derivation, risk analysis, determination of CCP, critical limits, monitoring procedures, correcting activities, documentation system etc.
- b) Continuous evaluation of HACCP system which includes a review of all registered information, surveillance of functioning manners, investigation of deviations and elimination of non-safe products, confirmations that CCP are under control, calibration of monitoring equipment, sampling and testing, evaluation of consumer's complaints.

- c) General verification of HACCP system. This includes internal auditing which are subject to all activities initiated by HACCP plan, use of all information gathered from them for improvement of the system, any changes that can influence HACCP system and its external auditing.
- ***Documenting and information protecting system*** - Organization must create an effective documenting and information protecting system to show that all legislation and regulations request have been fulfilled and that the product is a safe one. This system must guarantee that all information is accessible whenever needed while all documents not needed have been destroyed. These documents must include all information possible in regards to HACCP system, risk analysis, determining of CCP, determining of critical limits, activities and results of CCP monitoring, deviation and correcting activities, training, verifications, modifications of HACCP system, internal and external auditing, results of sanitation control, complaints, and other activities. Documenting and information storing systems vary based on the size and nature of companies, processes and products. All documentation must be kept according to legal demands in general and specifically to organizations demands.

All principles mentioned above are shown in the HACCP plan table below.

HACCP Plan Summary						
Product: Describe every step of the process introduced by CCP without classifying separately biological, chemical or physical risks.						
Process/ Phase / CCP	Risk	Critical Limit	Monitoring	Correcting measures	Verification	Information Storage
Approved by: _____			Date _____			

Diagram of CCP determination



* Proceed to the next identified hazard in the described process

** Acceptable and unacceptable levels need to be determined within the overall objectives in identifying the CCPs of the HACCP plans

5. ISO STANDARDS

5.1 International Standardization Organization – ISO

International Standardization Organization – ISO established on February 1947, is the biggest and the most well known institution in the world standards development. It represents a circle of 150 national institutions of standards, one for each nation, with central offices in Switzerland.

Member institutions of ISO are part of government structure of their particular nation, or are authorized from the government. Membership in the ISO is open to all national Institutions or organizations with representatives in this field in each nation. Organisms known as “*Member institutions*” have the right of one vote regardless of their size or economical stability of their nations. Besides this kind of membership, ISO includes two other membership categories that correspond to nations with lesser sources. These nations pay reduced membership costs and even though they do not have the right of one vote, they have the right to be informed in regards to development in the field of standardization. “*Correspondent Members*” are usually institutions in nations that are not fully developed in the standardization field. Member institutions of ISO are part of government structure of their particular nation, or are authorized from the government. Membership in the ISO is open to all national Institutions or organizations with representatives in this field in each nation. Organisms known as “*Member institutions*” have the right of one vote regardless of their size or economical stability of their nations. Besides this kind of membership, ISO includes two other membership categories that correspond to nations with lesser sources. These nations pay reduced membership costs and even though they do not have the right of one vote, they have the right to be informed in regards to development in the field of standardization. “*Correspondent Members*” are usually institutions in nations that are not fully developed in the standardization field. “*Subscriber Members*” are institutes from countries with an economy not so much developed that seek to hold contacts in the field of international standardization.

Although the individuals or private companies can not be members of the ISO, these two groups have opportunity to be included in the work of ISO and to contribute in the design of standards through their country corresponding institutions, member of ISO. These individuals or companies can be selected from their member institutions in the ISO. They can be part of the national delegations that participate in the technical committees of ISO. Or can give their opinions during the process of negotiation and the consensus achievement in the national level.

ISO collaborates closely with its partners in the field of international standardization such as the International electronic Commission (IEC) and the International Telecommunications Union (ITU). All these three institutions centered in Geneva with the purpose of better coordination of the work towards the international standards have established the “World Standards Cooperation”. ISO collaborates also with the United Nations Organization and their agencies, especially those engaged in the harmonization of the legislation and the public policies such as: Codex Alimentarius, world Health Organization (WHO), World Tourism Organization (WTO-T), etc.

5.2 ISO standards

Standard is a technical specification approved by the national standardization body for continuing use, the implementation of which is not obligatory but serves to achieve a certain quality level.

International standards developed from ISO are helpful and useful from the business organizations of all kinds, governments and other regulatory organisms, specialists of the conformity and trade evaluation, offers and consumers of products in private and public sector, and at least from all the people in general as consumers and final users of products and services.

ISO standards serve to the processes of development, production and offering products of services more safe and effective. They arrange the trade between countries and provide governments the technical base for the legislation in the field of health, security and the protection of the environment. ISO standards serve to protect consumers or the users of product and services making their lives more secure and safe.

ISO standards serve as a technology resource. ISO standards are a good tool for the countries in development for using the best technology “to know – how” that come as a result of the ideal international consensus as well as to increase their ability to export and compete in the global markets.

5.2.1 Characteristics of ISO brand

Equality

Each institution, member of the ISO has the right to participate in the development of different standards that are judged as important for the economy of the country. Despite from the measure and the power of economy, each member representative in the ISO has a vote. The ISO activities are undertaken in a democratic way when each country is equal regarding to the influence towards the job of the ISO in the strategic level as well as in the technical content of the standards.

Voluntarily

ISO standards are voluntary. As a non governmental organization, ISO has no legal authority to oblige the implementation of the standards. A due percentage of standards in some places, mainly those related with health, security and environment are part of the regulatory framework or are mentioned in the respective legislation as elements serving as a technical base. Such adoptions are independent decisions from the regulatory authorities or the respective governments. ISO does not establish laws. Although the ISO standards are voluntary, they can be part of the requirements of the market, the same as ISO9000, the management quality systems.

Market oriented

ISO develops only those standards that are required by the market. This work is done by experts and financed from that industrial sector that has required it and can practically apply it. These experts can be assisted by other experts that have more deep knowledge such as the representatives of governmental agencies, organizations of consumers, laboratories or probative institutions.

Consensus

Although ISO standards are voluntarily, the fact that they are developed based on the request of the market and on the consensus between all the stakeholders makes them more broadly applicable. In order to reach the consensus, ISO considers the technological development as well as the increasing requirements of the market. ISO performs a review of the standards in every 5 years to decide upon the establishment, protection or the remove of a due standard.

Ubiquitous

ISO standards are technical agreements that provide the necessary regulatory framework to have everywhere the same technology. The reach of consensus in the international level is the base for operation. At the end are more than 2850 technical ISO groups (technical committees, sub committees, working groups, etc) that include more than 30000 experts each year for the development of the ISO standards.

5.3 Management of the ISO System

The decisions are taken by the members of the ISO in the annual general meeting of the Assembly. The proposals that are presented to the members are prepared by the ISO Council selected by the members and that is similar with the Supervisor Board in a business association. The meetings of the ISO Council are held three times in a year and its members change to provide a better representation of the membership in the ISO. All the operations are managed by the General Secretary that depends from the President. The president is one of the main personalities of the standardization that is selected once in two years.

The ISO members pay a quote that serves to cover the operational costs of the Central Secretariat of the ISO. This quota is awarded based on the GDP and other data on trade. Another source of income is the sale of standards. However the operational cost of the Central Secretariat of ISO, represent only 1/5 of the functioning costs of the whole system. The main costs come from the representative structures in ISO that manage the projects for the design of the standards. The business organizations that are interested to design due standard, finance experts that participate in the technical job of ISO.

5.4 International standards development

Through the ISO system, it is the sector which needs the standards the origin of their development. The same business sector communicates this need to the national member body. The latter proposes to ISO the new work item. If accepted the work item is assigned to an existing technical committee. Therefore, ISO only launch the development of those standards for which there is clearly a market requirement. Technical committees' job is quite specific and qualified.

ISO has three general policy development committees which are divided in other committees. The job of such committees consists in providing strategic guidance for the standards' development work in accordance with the broader market and stakeholder group interests. These committees are: CASCO (conformity assessment), COPOLCO (consumer policy) and DEVCO (developing country matters).

ISO standards are developed by technical committees comprising experts whose job is financed by the business sector interested in the designing and the implementation of a specific standard. Representatives from government agencies, testing laboratories, consumer associations, environmentalists, etc., may join technical committees. The experts participate as national delegations chosen by the ISO national member institute for the country concerned.

The national delegation of experts of a technical committee meets to discuss, debate and argue until they reach consensus on a draft agreement. Then such a draft called “Draft International Standard” (DIS) is circulated to ISO’s membership as a whole for comments and balloting. Many members apply public review procedures for making draft standard known and available to all interested parties. The ISO members then take account of any feedback they receive such as comments, suggestions, and critique about the DIS. By doing so, ISO members determine their position with regard to the standard. If the voting is in favor, the document, with the eventual modifications is circulated to the ISO members as a Final Draft International Standard – FDIS. If that vote is positive, the document is then published as an *International Standard*.

An “International Standard” is the result of an agreement between the ISO member bodies. Standards are developed by ISO technical committees (TC) and subcommittees (SC). The process of designing of an international standard consists in 6 steps as indicated below:

1. Proposal Stage

The first step in the process of development of an International Standard is to confirm that a particular standard is needed. A new work item proposal is submitted for vote by the members of the relevant TC / SC to determine the inclusion of the work item in the programme of work. The proposal is accepted if the majority of the members present of the TC/SC vote in favor and at least 5 of them declare their commitment to participate actively in the project. At this stage a project leader responsible for the work item is appointed.

2. Preparatory Stage

Usually, a working group of experts, the chairmen of which is the project leader, is set up for the preparation of a working draft. Successive working drafts are considered until the working group is satisfied that it has developed the best technical solution to the problem. Then this draft is forwarded to the technical committee for the consensus building phase.

3. Committee Stage

As soon as the first draft committee is available, it is registered by the ISO Central Secretariat. It is distributed for comments, and if required, voting by the members of the technical committees and subcommittees. Successive draft committees are considered until consensus is reached on the technical content. Once consensus is attained, the text is finalized for submission as a Draft International Standard (DIS).

4. Enquiry Stage

Draft International Standard is distributed to all ISO members’ bodies by the Central Secretariat for voting and comments within a period of 5 months. It is approved for submission as a Final Draft International Standard (FDIS) if a two-thirds majority of present members of the TC/SC are in favor and not more than one-quarter of the total number of votes cast are negative. If these approval criteria are not met, the standard is referred back to the originating TC/SC for reconsideration until a new DIS is distributed to all ISO members’ bodies.

5. Approval Stage

The Final Draft International Standard (FDIS) is circulated to all ISO member bodies by the ISO Central Secretariat for a final Yes/No vote within a period of two months. If technical comments are received during this period, they are no longer considered at this stage, but registered for consideration during a future revision of an International Standard. FDIS is approved as an International Standard if a two-thirds majority of present members of the TC/SC are in favor and not more than one-quarter of the total number of votes cast are negative. If these approval criteria are not met, the standard is referred back to the originating TC/SC for reconsideration in the light of the technical reasons submitted in support of the negative votes received.

6. Publication Stage

Once a final draft International Standard is approved, the final text is sent to the ISO Central Secretariat which publishes the International Standard. If and where necessary, only minor editorial changes can be introduced into the final text.

5.5 ISO 9000 and ISO 14000

ISO 9000 and ISO 14000 are among the most widely known and successful standards ever. ISO 9000 has become an international reference for quality requirements in business to business dealings while ISO 14000 looks set to achieve at least as much in helping organizations to meet their environmental challenges.

The vast majority of international standards are quite specific and regards only to a particular product, material or process. However, the most frequently used standard within both ISO 9000 and ISO 14000 are widely known as “generic management system standards”. “Generic” means that the same standard can be applied to any organization, large or small, whatever its product. In such case product also includes services in any sector of activity and whether it is a business enterprise, a public administration or a government department. “Management system” refers to what the organization does to manage its processes or activities. “Generic” also signifies that no matter what the organization is or does, if it wants to establish a quality management system or an environmental management system, then such a system has a number of essential features which are spelled out in the relevant standards of ISO 9000 and ISO 14000 families.

ISO 9000 is concerned with quality management. This means what the organization does to enhance customer satisfaction and to improve its performance with regard to quality in compliance with the regulatory requirements in force.

ISO 14000 is concerned with environmental management. This means what the organization does to minimize harmful effects on the environment by its activities, and to improve its performance with this regard.

A list of the most widely known standards within ISO 9000 and ISO 14000 families is given below:

ISO 9000	ISO 14000
<i>ISO 9000:2000</i> Quality Management Systems – Basics and dictionary	<i>ISO 14001:1996</i> Environmental Management Systems – Specifications with regard usage instructions

<i>ISO 9001:2000</i> Quality Management Systems – Requirements	<i>ISO 14001:2004</i> Environmental Management Systems – Requirements and usage instructions
<i>ISO 9004:2000</i> Quality Management Systems – Instructions of the performance improvement	<i>ISO 14004:2004</i> Environmental Management Systems – general instructions with regard to principles, systems and supportive techniques.
<i>ISO 19011:2002</i> Instructions for auditing quality management systems and/or environmental management systems*	

* Common standard for both ISO 9000 and ISO 14000

5.6 Albanian Standards

The national body engaged in the coordination of work for standardization in Albania is the General Department of Standardization (DPS). Such an institution has existed since in 1952, time when the Department of Standardization and Quality was established. DPS primary objective is to design and prepare Albanian standards (SSH) as well as to adopt European standards (EN) and international ones (ISO) as national standards. DPS is correspondent member in ISO and member body in European Committee for Standardization (CEN) and European Committee for Standardization in Electronic (CENELEC). All the standards designed by DPS are voluntary.

The process of establishing an Albanian standard is described below:

1. **The proposal** for a new standard is presented by any interested group: producers, users, customer, private or public organizations, etc.
2. **Evaluation** has to do with the judgment if the preparation and designing of a specific proposed standard is necessary or not. In this stage, interested group justifications and arguments are taken into consideration.
3. **The work** on a specific standard starts at the moment in which technical secretary of DPS present the proposed standard in the respective Technical Committee. Such a committee is composed by specialists of line ministries as well as representatives of private companies interested in the adoption of the standard. Representatives form consumer associations, universities and other research institutions also participate in the Technical Committee.
4. **Standard project design** is a duty of the Technical Committee. It is realized taking into consideration all the preliminary necessary data and documents.
5. **Public consultation** aim at gathering public opinion with regard to the draft standard prepared. The latter is published in the periodical bulletin of DPS.
6. **Comments' reviewing** is performed by the respective Technical Committee within the timeframe scheduled.
7. After the reflection on comments related to the standard project design is the **approval from the Technical Committee** as a final standard. Project.
8. General Director of the DPS issues the **ratification of standard**.

Each year the General Department of Standardization delivers free of charge a catalogue of standards, so every interested business can select the standard that wants

to apply. The catalogue includes the list of standards that are in force. The DPS offers the services of the negotiator for those standards that Europe works and that are not in the catalogue creating the possibilities for the Albanian businesses to connect with different partners in Europe. The standards that are in the catalogue of DPS are for selling and their price corresponds to the number of pages that the standard has. The value of each standard is 2 000 – 6 000 leks. In the following table are all the standards and their code (alphabetic group) as well as the number of pages and the price. In these prices is not included the postal costs.

National delegations below lists all the standards, number of pages and its costs. Does not include shipping costs.

Albanian Standards				Foreign Standards	
Code	Number of pages	Cost/lek		Cost/lek	
		Collaborator	Non-Collaborator	Collaborator	Non-Collaborator
A	1-2	700	1400	1000	2000
B	3-4	805	1610	1150	2300
C	5-6	945	1890	1350	2700
D	7-8	1050	2100	1500	3000
E	9-10	1155	2310	1650	3300
F	11-12	1330	2660	1900	380
G	13-14	1435	2870	2050	4100
H	15-16	1575	3150	2250	4500
J	17-18	1715	3430	2450	4900
K	19-20	1820	3640	2600	5200
L	20-23	1995	3990	2850	5700
M	24-26	2100	4200	3000	6000
N	27-29	2205	4410	3150	6300
P	30-32	2345	4690	3350	6700
Q	33-35	2450	4900	3500	7000
R	36-40	2590	5180	3700	7400
S	41-45	2822	5460	3900	7800
T	46-50	2905	5810	4150	8300
U	51-60	3080	6160	4400	8800
V	61-70	3360	6720	4800	9600
W	71-80	3605	7210	5150	10300
X	81-100	3850	7700	5500	11000
XA	101-120	4130	8260	5900	11800
XB	121-150	4410	8820	6300	12600
XC	151-180	4900	9800	7000	14000
XD	181-210	4970	9940	7100	14200
XE	211-240	5250	10500	7500	15000
XF	241-280	5635	11270	8050	16100
XG	281-320	6020	12040	8600	17200
XH	321-360	6405	12810	9150	18300
XJ	361-400	6790	13580	9700	19400
XK	401-475	7420	14840	10600	21200
XL	476-580	7910	15820	11300	22600
XM	581-690	8505	17010	12150	24300
XN	691-800	9135	18270	13050	26100
XP	801-920	9905	19810	14150	28300
XQ	921-1050	10640	21280	15200	30400
XR	1051-1180	11410	22820	16300	32600
XS	1181-1290	12180	24360	17400	34800

XT	1291-1400	12915	25830	18450	36900
XU	1401-1580	13685	27370	19550	39100
XV	1581-1790	14455	28910	20650	41300
XW	1791-2000	15225	30450	21750	43500

Source: Albanian standards catalogue 2003, general directory of standardization

So far the most requested standards are S SH ISO9000:2000. Regardless of this, only 8 companies with activities in Albania have been able to purchase certificate ISO9001. These companies are: INFOSOFT group, ALCRED sh.p.k., DEKA sh.p.k, ECF factory- Elbasan, ISHPK sh.p.k, KURUM-Elbasan, A. Teqja sh.p.k and ALBA sh.p.k.

Lately the GDS is also provided with certificate ISO9001:2000 from the International Quality Network (IQNET)

5.7 Steps for implementation of ISO 9001:2000 in business organizations

For the importance of the quality of products/ services and to facilitate their trade in the national and international markets, determination of implementation of ISO 9001:2000 it's necessary. Therefore the main problems business organizations encounter at this time is not the decision for implementation of this standard within their company, but composing an implementation plan which balances demands of standard with the time the company desires to register and other pressures businesses have to deal with.

ISO9000:2000 includes four important clauses on management of systems for quality within the business organization. These clauses have to do with: a) responsibility in management, b) effective management of supplies available c) realization of product according to consumer's request, and d) measures, analysis and necessary improvements.

Requests presented in ISO 9000:2000 give a model of "*plan-do-control-act*" type, which represents a process that allows continuous improvement of any kind of managing system. (www.bsiamericas.com)

Plan – formulate a plan which creates possibilities to fulfill the objectives of the system and policies of the company in regards to quality.

Do – Implement the process presented in the plan.

Control – Monitor and measure what is being done, this way information can be obtained to evaluate and improve not only the process but the whole system.

Act – measures can be taken to construct a plan that intends the realization of necessary improvements, based on the information provided.

Implementation of standard ISO 9001:2000 must be understood as a process. Its implementation consists on 8 key steps which are explained below. A summary is provided at the end with the given diagram.

1. Project composition

Implementation of standard must be conceived as a process. Therefore it is necessary to appoint a project leader and his manager and then a project-plan needs to be composed. In this phase it is necessary to determine the methods needed to be used for valuation and monitoring of the composed plan.

2. To understand the method of process

Before study of demands presented in ISO9000:2000, first a review of quality concepts given in this standard is necessary. A “process” is a number of activities that use all available sources to transform inputs in final products. “Method of process” means that must be identified and constantly managed processes likewise interaction with system of quality management.

3. Staffing

The main objective in this phase of implementation of project is the balancing of positions and abilities. Because companies differentiate from one another, whether size or objectives, it is hard to decide on the best way to create a staff for implementation of project. Some key points are:

- a. Must include persons from every department within the organization
- b. Must include people who understand how different departments are related to the project in hand.
- c. Some personality characteristics must be considered. Must include individuals that can work in groups and that are able to act if changes are necessary. These individuals must have vision, must be able to obtain and give information and know the organization well.

4. Training

Staff training is necessary not only to make them understand ISO9001:2000 but also to plan and understand better the managing system. A good training program is the one suggested by the BSI Management Systems below:

- a. Documentation of systems for quality – Training on abilities necessary to write documents that fulfill standard’s demands, that are understandable for auditors and do not block in any way the work process and employees.
- b. Implementation of ISO 9001-2000 – Training on necessary concepts to understand and create a system of quality management.
- c. Understanding ISO 9001:2000 – An interactive course which includes demands of ISO9001:2000 standard.
- d. Summary on management- training that gives knowledge on managing systems, ISO9001:2000 demands and clarifies anything that has to do with clause 1.

5. Implementation of process

This phase of the project can be considered as the most difficult. This includes 3 main elements which must be implemented at the same time and be repeated constantly.

a) “GAP analysis, has to do with a process, an organization has to go through in order to determine changes between what represents the system of quality management and how will it be when all demands are fulfilled. “Gap analysis” is concentrated in:

- Determination of procedures where is necessary
- Accordance of procedures and specific procedures
- Adequate allocation of supplies
- Effective communication of objectives and responsibilities.
- Competent personnel and achievement of training programs
- Organizations ability to change if its necessary

Afterwards must be evaluated which is the best way to determine what the organization has available and to commence strategic decisions in regards to what is the best way to cover existing differences. Only this way demands and consumer satisfaction can be reached. After all the above is understood and valued “gap analysis” can include also:

- Cultures regarding quality in the organization
- Knowledge of system of quality management and ISO 9001:2000
- Being conscientious on policy and objectives in regards to quality
- Effectiveness of quality system.

b) *Composing and documenting* - Has to do with determining and composing the necessary documentation. Some necessary documents are: a) quality manual and necessary determination on quality policies, b) documentation on procedures including control, general, information, bad products, internal auditing, correcting actions, and preventive measures; c) documents needed by the organization to obtain effective planning, operation and control processes; d) other information requested in the ISO 9001:2000.

c) *Communication of the implementation process* - while documentation is composed and stored, at the same time must the process of implementation of system initiate. Basis of this process is communication and training. During this phase everyone must proceed according to procedures and keep necessary information to show that the organization is operating properly. As a result, if personnel are executing the system properly, therefore they must be aware of what they have to do. If staff is included in composition and documentation, therefore training on important manners and possible changes must take an important part. Immediately after training and after staff has started implementation of procedures, periodical monitoring must be done to see the work and implementation progress of these procedures.

6. Timeframe of system implementation

Time within which the system of quality management must be implemented changes depending on several factors such as level of commitment by main managers, personnel, and from the complexity of the system. Implementation phase may take up to 6 months, time during which information can be gathered to verify that the system is working properly. However this kind of information must begin to be gathered after two or three months. On the other hand, organization which holds the ISO registration has the right to request a progress report of how the system is working at least three months before auditing from third parties. Gathering of information that show the system is fulfilling specific requirements and is achieving its goals, is very important.

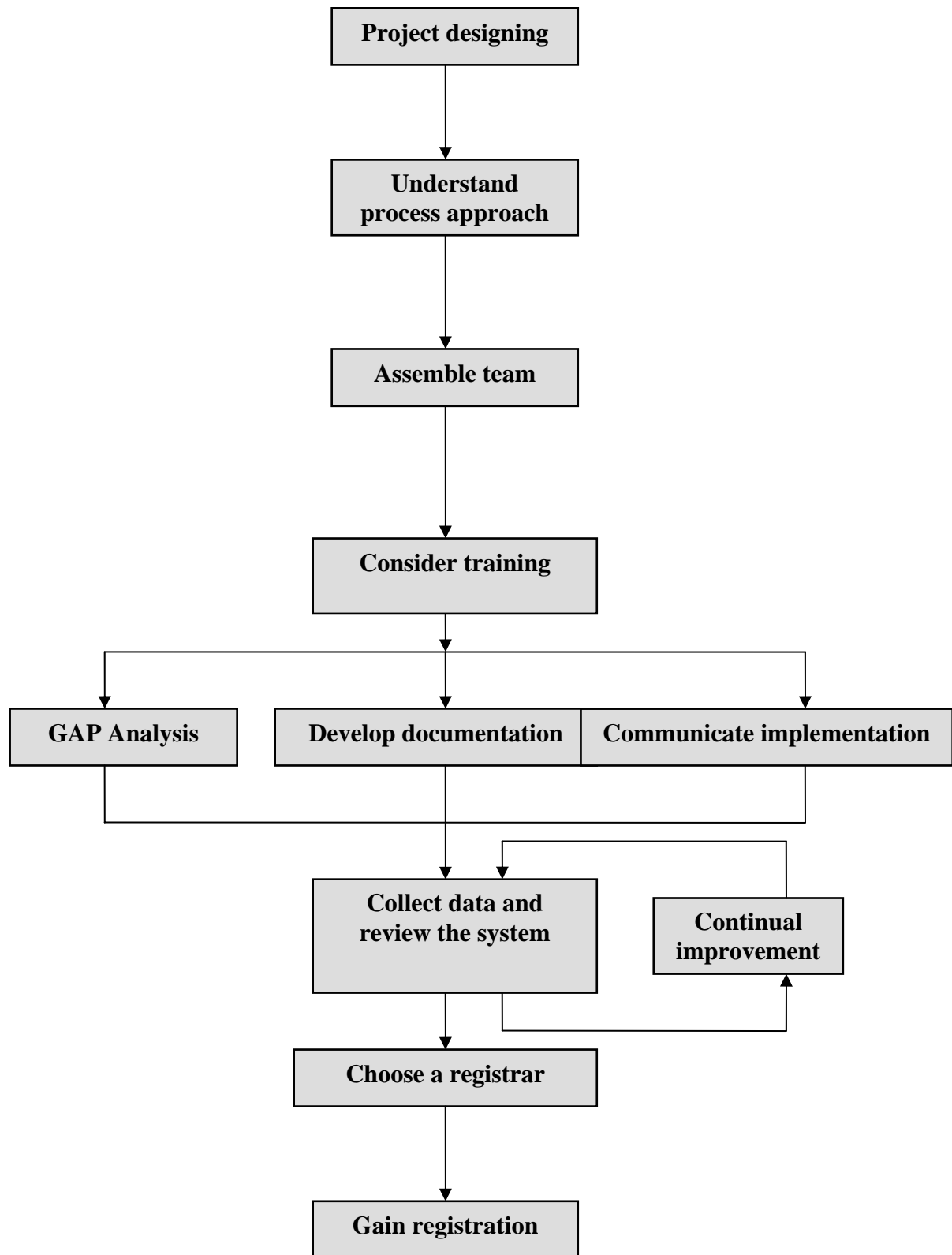
7. Effectiveness analysis of the system of management

This phase has to do with system control, to see if it's functioning according to ISO 9001:2000 demands. This step belongs to “Control” and “Act” parts of PDCA model and includes monitoring of system while registering and interpreting all information and initiating internal auditing. This information must be analyzed to determine the necessary improvement. Information must be gathered for: suppliers, consumer's satisfaction, product conformity, tendencies of processes and products while including possibilities for preventive actions.

8. Selection of the organization where registration must incur

Registration in ISO 9001:2000 is when an accredited organization visits, evaluates the managing system and releases a certificate which assesses that an organization fulfills demands of ISO 9001:2000 standards. For selection of a registering organization must be considered a number of factors such as: experience in the respective industry, location, cost and level of service offered.

Communication of



Source: BSI Management Systems

6. CONFORMITY ASESMENT

“Conformity Assessment” has to do with the process of evaluation and approval. To evaluate conformity means to certify that a product is produced according to regulations and standards specified. On an international level, this activity is accomplished by certified and specialized organizations. On one side it offers standards on which products, services, systems, processes and materials are widely supported. On the other hand, whenever it is necessary for an evaluation to see if standard requests are fulfilled, ISO offers guides in regards conformity evaluation activity. Main goal of conformity evaluation is that the products and services become acceptable everywhere based only on the results of evaluation and approval only on one specific nation.

Evaluation of conformity is classified in:

First level evaluation – Conformity assessment of a product/service in regards to a standard, specification or technical regulation is done solely for the business organization that offers the product or service.

Second level evaluation – Conformity assessment is done from a suppliers or producers client. In this case the producer asks one of his clients to verify whether the product is conform regulations of a specific standard.

Third level evaluation – Conformity assessment is done by a third party, certifying and/or registering organization, independent from the producer and client.

6.1 Conformity assessment in the Republic of Albania

In the Republic of Albania, authorized organization for conformity assessment (third level evaluation) is general Directory of Standards (GDS). This evaluation is performed in accordance with demands of law nr. 8464, date March 11th, 1999 “For standardization”, law nr. 9097, date July 3rd 2003 “For evaluation of conformity” and Ministers Council’s resolution nr. 723 date November 5th 2004 “For procedures and regulations of authorized organization for conduction of conformity evaluation”. Based on Albanian legislation conformity evaluation procedures include:

- a) acquirement of samples and product examination
- b) conducting the demonstration in accordance with specified methods;
- c) Inspection, evaluation, verification and certification of products based on demonstration results.

Certificates of conformity are released for: a) individuals b) products and c) quality systems. Approval procedures of these certificates are conducted in accordance with demands of standards that specify organization requests that perform certification activity such as SSH EN 45011, SSH EN 45012 and SSH EN 45013.

Conformity evaluation in Albania is mandatory for all products, processes or services that have to do with life safety, health protection and other public interests. For all products, processes and services, evaluation procedures are conducted on voluntary basis. Introducing a product in the market must be first evaluated and stamped with initials AL (according to the Law), placed on the product by the producer. GDS registers and deposits AL-s at the General Directory of trademarks and licenses. For evaluation of conformity producers, aside from information for identity and origin of product, must also present technical documentation which includes:

- a) General description of product

- b) Products drawing, construction scheme, its parts, products construction, technological process, fire prevention, chemical , biological and physical characteristics for protection of humans animals and environment.
- c) Descriptions and necessary clarifications for easier understanding of drawings, schemes, user guide, including service request and notes of characteristics for fire prevention
- d) Warnings for danger and instructions for safe use.
- e) Standard or technical regulation which refers to a products production
- f) Conclusions of calculations and analysis
- g) Control and certificates protocol

Conformity of products with standard or regulations demands is declared in the conformity declaration which includes information on producer, description of product, technical demands with which the product is conform to, specific conditions useful for product use, organization that conducted the evaluation. All GDS expenses for conduction of evaluation are paid from the producer or supplier of raw material.

Conformity certificates for products and systems of quality are given for a period of three years, while the individual ones are given for one year. Tariffs are as follows: (CERTIFICATE MODEL ATTACHED)

- | | |
|---------------------------------|--------------|
| • Individual certificate | 5 000 leks |
| • Product certificate | 30 000 leks |
| • System of quality certificate | 30 000 leks. |

PRACTICAL ISSUES IN EXPORTING

1. INTERNATIONAL SALES CONTRACT

Contracts are an important part of business whether in national or international level. Export contract in itself is a sales contract in an international level which means that the buyer and seller are placed in different nations where legal framework in regards to international trade and contractual agreements are different. Therefore there is much space for confusion and misunderstanding in achievement of business transactions.

A contract is a document in which the rights and obligations of importers and exporters are described. Practice has shown that most of business transactions in international trade are achieved without signing the respective contracts. However, composing and signing of a sales contract for each transaction on an international level is necessary.

1.1 Designing international sales contracts

To prepare a contract it is necessary that first both parties be in agreement with each other. Agreements between contractual parties are based mainly on:

1. **Price for the offer.** Trade offer is the basis of sales contract. Offer's price is given by a written document that is clear and understandable for the client.
2. **General sales terms.** General sales terms allow companies to decide on the legislation on which their trade relationships will be based. These terms are in fact specific for each exporter. They indicate buyer's obligations while at the same time it creates a possibility for him (buyer) to protect his interests. Generally, buyers need to know general sales terms before they sign the contract. Each buyer that does not reject the general sales terms is presumed as accepting them.
3. **Offer acceptance.** Offer acceptance consists of an agreement with the client that finalizes sales contract. Contract can be tangible only when an offer is followed by an acceptance. An offer can be canceled for as long as it hasn't been accepted yet. Acceptance of an offer can be written and in this case it becomes a receipt or sales contract. This is also the best way of accepting an offer, because then the buyer has a guarantee and enough proofs in case of disagreements.
An oral acceptance of an offer is not recommended. On the other hand, acceptance of an offer by fax or telex many times does not constitute enough proofs for solving possible disagreements.

A contract for international sales of products is an agreement that includes all the points mentioned below.

- a) **Parties** - At least the buyer and the seller must be specified in the contract. IN many cases it is important to specify a third party that participates in the transaction such as a representative agent from each party.
- b) **Nature of contract** - intent of contract (product or service), description of technical aspects, quantity, volume, weight, packaging. Specification of all these elements is done based on buyer's request.
- c) **Prices and payment methods**- Price in Euro, USD, Lek or any kind of other monetary way. This price must carry in itself also the risks from exchange rates. Price must be accompanied with respective specifications in regards to

transportation expenses, customs obligations, payments for product security etc. Besides the total amount, it is also necessary to specify unit price. Here can be included specific clauses on prepayments.

- d) **Transportation methods** – Decision on transportation method based on product nature, their destination and safety. Obligations between contractual parties must be specified in this section as described in Incoterms 2000.
- e) **Distribution methods** - distribution within the time limit is one of the seller's main obligations. Buyers can impose late fees in such cases, and therefore it is necessary to specify in this part of contract the date and place of shipment and distribution of products.
- f) **Guarantee** - here are specified all obligations from both parties on guarantees.
- g) **Force major**- contracts for export sales must include clauses concerning unpredictable events and obligations from those parties have in these instances. Usually buyers disagree with clauses in regards to force major for as long as they are not imposing them.
- h) **Jurisdiction** - this part of contract decides legal framework applicable in cases of disagreements between parties.
- i) **Language** – contract must specify the language/s used to write and sign it. Its translation needs close attention.

1.2 Albanian legislation on contracts and contractual relationships.

Basis of Albanian legislation concerning contracts and contractual relationships is Civil Code of the Republic of Albania approved with law nr. 7850 date July 29th 1994, modified with law nr. 8536, date October 18th 1999 and law nr. 8781 date May 3rd 2001.

Civil Code identifies the contract as a legal action with which one or many parties create, change or cancel legal relationships among each other. According to the Albanian legislation, the parties in an international sales contract determine its content. Designing and signing of the contract is being made with the approval of both parties. For designing an international sales contract it is necessary to determine its object and the legal framework on which will be based the obligations of each party. A contract should be designed according to its object and the requirements of the respective laws and amendments.

Contracts are made based on the proposal from one of the parties. Proposal is considered failed when it is rejected or not accepted within the time limit specified. Proposal made to an individual for a contract, without specifying a time limit, is considered failed if the person does not accept it at the time. Acceptance of a proposal that does not meet its contents, is called a “proposal decline” and at the same time a new proposal. Offer can be called a proposal if it includes main elements of the contract to be reached.

General conditions of the contracts prepared from on of the contractual parties, have an effect on the other party if at the moment of contract conclusion it acknowledges them. General conditions of the contract do not create juridical effects if they set deadlines to the other party and are to the advantage of the party which prepared it, restrictions in regards with:

- a) responsibility
- b) the right to withdraw

- c) contractual freedom for relations with third parties
- d) arbitrary or avoidance conditions from legal authorities.
- e) Possibility of withdrawal from contract and suspending its implementation.

A signed contract between parties has the power of law. It can be canceled or changed only by bilateral agreements from all signing parties or for legal reasons.

1.2.1 Sales contracts

Based on the Civil Code, sales contract has as an objective changing ownership of a product or changing ownership of rights towards a payment. If contracting parties have not decided on a price and have not agreed on the way to be decided, it is presumed that parties did not want to refer to the price implemented normally by the seller at the time of the contract. For products that have stock market price, price is decided based on market lists from the nation where the product is being delivered or the closest nation to the one where product is being delivered. Price can also be set based on the net weight, while Civil Code gives the right to pick a third party, named in the contract, to decide on the price. Civil Code of the Republic of Albania specifies that expenses of the sales contract and other related expenses are the buyer's responsibility, with exceptions when mentioned otherwise in the contract.

Albanian legislation decides that seller's obligations are:

- a) to give the product to the buyer
- b) guarantee the buyer from loss, flaws and unfulfilled product quality as described in the contract.

Seller must deliver the products relieved from any other third parties rights. He must deliver them by the date specified in the contract or within a reasonable deadline from the end of date mentioned in the contract. Products must be delivered with the quality, quantity and type, as mentioned in the contract. They must be packed and placed as specified in the contract.

Products must be delivered in the same condition as they were at the time when contract was signed. Products do not meet the terms of the contract if they are not adaptable for the specified use. Seller is not responsible for any defaults of product, which the buyer knew at the time of purchase.

If the sales contract includes transportation of products, buyer is relieved of obligations once products are released to the first transporter.

One of the *buyer's main obligations*, as described in the Code, is payment for products purchased. This includes all necessary payment formalities as described in the contract. Buyer must make payment by the date specified in the contract. If the contract describes that the buyer can decide form, quantity and characteristics of product, and if he doesn't do so by the specified date or within an acceptable period after the deadline, the seller can make that decision in accordance with buyers requests that he is aware of. Buyer also has the obligation to accept the products by making all necessary actions that allow the seller deliver the products.

1.3 CIF and FOB Contracts

Important parts in the field of international private rights are CIF and FOB contracts. Implementations of these two conditions create facilitations to buyers and sellers throughout the signing and implementation of contract. They are applicable for any

subject of international private right that wants to realize a sales/buying contract. These conditions arose because of lack of technical regulations for sales contracts in an international level. Conditions CIF and FOB are implemented for sales of products that get transported through sea.

CIF Contract – Its initials (cost, insurance and freight) show that it is a sales contract, which includes in the price:

- a) cost of product in the nation it is placed at the time of signing the contract
- b) amount of product's insurance for possible dangers and risks while being transported to the port of its destination.
- c) Amount of transportation payment to the port of destination.

According to the contract, seller is obligated to insure the product to the port of destination. In sales contracts with condition CIF, seller after completing the above obligations, notifies the buyer and sends him all documentation for the product.

FOB Contract (loading port) – According to this contract, seller has an obligation to pay transportation expenses to the departure port. At this time the ownership of products changes hands from seller to buyer. However, the exporter is still obligated for product's safety and expenses occurred to rent the ship.

An obligation that is usually included in the conditions FOB can be the one when the seller can stack, organize product in the transport ship on the condition that such thing is in the contract. In this case the contract must say "FOB stacking". Responsible for the transport ship is the buyer. All transport expenses, unloading, loss and/or damages are buyer's responsibility, while the seller is responsible for any document, tax and payment that has to do with this shipment.

1.4 Incoterms

Incoterms, short for "International Commerce Terms", are commerce terms used in international sales contract. These terms were first introduced in 1936 by the International Chamber of Commerce (ICC). Since then these standards have been gradually progressing and their latest publication dates in 2000.

To avoid any confusion during composition and signing of contracts, parties in the international trade follow terms presented in INCOTERMS. In general businesses refer to the latest publications of Incoterms, however, with an agreement parties can use earlier editions such as Incoterms 1990.

There are 13 Incoterms:

EXW Ex Works (...named place)-"Ex Works" means that the seller delivers when he places the goods at the disposal of the buyer at the seller's premises or another named place (i.e. works, factory, warehouse etc.) not cleared for export and not loaded on any collecting vehicle.

This term thus represents the minimum obligation for the seller, and the buyer has to bear all costs and risks involved in taking the goods from the seller's premises.

However, if the parties wish the seller to be responsible for the loading of the goods on departure and to bear the risks and all costs of such loading, this should be made clear by adding explicit wording to this effect in the contract of sale. This term should not be used when the buyer cannot carry out the export formalities directly or

indirectly. In such circumstances, the term should not be used, provided the seller agrees that he will load at his cost or risk.

Free Carrier (...named place) - “Free carrier” means that the seller delivers the goods, cleared for export, to the carrier nominated by the buyer at the named place. It should be noted that the chosen place of delivery has an impact on the obligations of loading and unloading the goods at the place. If delivery occurs at the seller’s premises, the seller is responsible for loading. If delivery occurs at any other place, the seller is not responsible for unloading.

This term may be used irrespective of the mode of transport, including multimodal transport. “Carrier” means any person, in a contract of carriage, undertakes to perform or to procure the performance of transport by rail, road, air, sea inland waterway or by combination of such modes.

If the buyer nominates a person other than a carrier to receive goods, the seller is deemed to have fulfilled his obligation to deliver the goods when they are delivered to that person.

FAS Free Alongside Ship (...named port of shipment) – “Free Alongside Ship” means that the seller delivers when the goods are placed alongside the vessel at the named port of shipment. This means that the buyer has to bear all costs and risks of loss of or damage to the goods from that moment. The FAS term requires the seller to clear the goods for export. However, if the parties wish the buyer to clear the goods for export, this should be made clear by adding explicit wording to this effect in the contract of sale. This term can be used only for sea or inland waterway transport.

FOB Free On Board (...named port of shipment) - “Free on Board” means that the seller delivers when the goods pass the ship’s rail at the named port of shipment. This means that the buyer has to bear all costs and risks of loss of or damage to the goods from that point. The FOB term requires the seller to clear the goods for export. This term can be used only for sea or inland waterway transport. If the parties do not intend to deliver the goods across the ship’s rail, the FCA term should be used.

CFR Cost and Freight (...named port of destination) - “Cost and Freight” means that the seller delivers when the goods pass the ship’s rail in the port of shipment. The seller must pay the costs and freight necessary to bring the goods to the named port of destination, but the risk of loss of or damage to the goods, as well as any additional costs due to the events occurring after the time of delivery, are transferred from the seller to the buyer. The CFR term requires the seller to clear the goods for export. This term can be used only for sea and inland waterway transport. If the parties do not intend to deliver the goods across the ship’s rail, the CPT term should be used.

CIF Cost, Insurance and Freight (...named port of destination) – “Cost, Insurance and Freight” means that the seller delivers when the goods pass the ship’s rail in the port of shipment. The seller must pay the costs and freight necessary to bring the goods to the named port of destination but the risk of loss of or damage to the goods, as well as any additional costs due to events occurring after the time of delivery, are transferred from the seller to the buyer. However, in CIF the seller also has to procure marine insurance against the buyer’s risk of loss of or damage to the goods during carriage. Consequently the seller contracts for insurance and pays the insurance premium. The buyer should note that under CIF term the seller is required to obtain insurance only on minimum cover. Should the buyer wish to have the protection of greater cover, he would either need to agree as much expressly with the seller or to

make his own extra insurance arrangements. The CIF term requires the seller to clear the goods for export. This term can be used only for sea and inland waterway transport. If the parties do not intend to deliver the goods across the ships rail, the CIP term should be used.

CPT Carriage Paid To (...named place of destination) – “Carriage paid to...”) means that the seller delivers the goods to the carrier nominated by him but the seller must in addition pay the cost of carriage necessary to bring the goods to the named destination. This means that the buyer bears all risks and any other costs occurring after the goods have been delivered. “Carrier” means any person who, in a contract of carriage, undertakes to perform or to procure the performance of transport, by rail, road, air, sea, inland waterways or by a combination of such modes. If subsequent carriers are used for the carriage to the agreed destination, the risk passes when the goods have been delivered to the first carrier. The CPT term requires the seller to clear the goods for export. This term may be used irrespective of the mode of transport including multimodal transport.

CIP Carriage and Insurance Paid To (...named place of destination)- “carriage and insurance paid to....” Means that the seller delivers the goods to the carrier nominated by him but the seller must in addition pay the cost of carriage necessary to bring the goods to the named destination. This means that the buyer bears all risks and any additional costs occurring after the goods have been so delivered. However, in CIP the seller also has to procure Insurance against the buyer’s risk of loss of or damage to the goods during the carriage. Consequently the seller contracts and pays for the insurance premium.

DAF Delivered at Frontier (...named place) – delivered at frontier means that the seller delivers when the goods are placed at the disposal of the buyer on the arriving means of transport not unloaded, cleared for export, but not cleared for import at the named point and place at the frontier, but before the customs border of the adjoining country. The term “frontier” may be used for any frontier including that of the country of export. Therefore, it is of vital importance that the frontier in question be defined precisely by always naming the point and place in term. However, if the parties wish the seller to be responsible for the unloading of the goods from the arriving means of transportation and to bear the risks and costs of unloading, this should be made clear by adding explicit wording to this effect in the contract of sale. This term may be used irrespective of the mode of transport when goods are to be delivered at the land of frontier. When delivery is to take place in the port of destination, on board a vessel or on the quay (wharf), the DES or DEQ terms should be used.

DES Delivered Ex Ship (...named port of destination)- “Delivered ex ship) means that the seller delivers when the goods are placed at the disposal of the buyer on board of the ship not cleared for import at the named port of destination. The seller has to bear all the costs and risks involved in bringing the goods to the named port of destination before discharging. If the parties wish the seller to bear the costs and risks of discharging the goods, than the DEQ term should be used. This term can be used only when the goods are to be delivered by sea or inland waterways or multimodal transport on a vessel in the port of destination.

DEQ Delivered Ex Quay (...named port of destination) “Delivered ex quay” means that the seller delivers when the goods are placed at the disposal of the buyer not cleared for import on the quay (wharf) at the named port of destination. The seller has to bear costs and risks involved in bringing the goods to the named port of

destination and discharging the goods on the quay (wharf). The DEQ requires the buyer to clear the goods for import and pay for all formalities, duties, taxes and other charges upon import. If the parties wish to include in the seller's obligations all or part of the costs payable upon import of the goods, this should be made clear by adding explicit wording to this effect in the contract of sale. This term can be used only when the goods are to be delivered by sea or inland waterway or multimodal transport on discharging from a vessel onto the quay (wharf) in the port of destination.

DDU Delivered Duty Unpaid (...named place of destination) – “Delivered Duty Unpaid” means that the seller delivers the goods to the buyer, not cleared for import, and not unloaded from any arriving means of transport at the named place of destination. The seller has to bear the costs and risks involved in bringing the goods thereto, other than, where applicable, any duty for import in the country of destination. Such “duty” has to be borne by the buyer as well as any costs and risks caused by his failure to clear the goods for import in time. However, if the parties wish the seller to carry out customs formalities and bear and bear the costs and risks resulting there from as well as some of the costs payable upon import of the goods, this should be made clear by adding explicit wording to this effect in the contract of sale. This term may be used irrespective of the mode of transport but when delivery is to take place in the port of destination on board the vessel or on the quay (wharf), the DES or DEQ terms should be used.

DDP Delivered Duty Paid (...named place of destination) – “Delivered duty paid” means that the seller delivers the goods to the buyer, cleared for import, and not unloaded from any arriving means of transport at the named place of destination. The seller has to bear all the costs and the risks involved in bringing the goods thereto including, where applicable, any “duty” (which term includes the responsibility for any and the risks of the carrying out of customs formalities and the payment of formalities, customs duties, taxes and other charges for import in the country of destination. This term should not be used if the seller is unable directly or indirectly to obtain the import license. This term may be used irrespective of the mode of transport but when delivery is to take place in the port of destination on board the vessel or on the quay (wharf), the DES or DEQ terms should be used.

2. EXPORT DOCUMENTATION

When a company sales its products outside the country, it needs to obtain all necessary documentation for each step it follows up to the moment the product reaches the importer. According to the Albanian legislation documents required by the customs authorities are as follow:¹¹

- a) trade bill
- b) certificate of origin
- c) documents for product transport such as bill of lading
- d) cargo list
- e) document of product's insurance
- f) phytosanitary certificate and veterinarian certificate (if requested)
- g) export declaration

¹¹ Documents mentioned in points (a) through (e) are mandatory for all types of products. Documents mentioned in points (f), (g) and (h) are mandatory for a category of products specified in respective laws.

- h) other documents such as export licenses, copies of sales contracts or laboratory analysis for specific products.

Main reason for these documents is to insure the customs authorities of the importing nation full and correct information for the products. Preparation of these documents usually is done by a specialized company, subcontracted from the exporter known as “*freight forwarder*” (see chapter IV- transport of products for export).

2.1 Trade bill

Trade receipt is the receipt that the exporting company releases for the importer and it describes the products and also gives the total price the importer needs to pay. Some nations require that the trade receipt be prepared according to their own formats. Usually nations require a consulate receipt and a trade receipt as an additional document that insures details on products being exported. Nations that do not require consulate receipt, use the trade receipt as a main document for deciding the import duties.

2.2 Certificate of origin

Certificate of origin is a document that shows the nations where the products were produced. For release of such certificate in Albania are authorized the Chamber of Commerce and General Customs Directory. General Customs Directory is authorized for release of certificate of origin for preferential system.¹²

2.3 Bill of lading

This is a document released to the exporter by the transporting company. It includes a detailed list of the products and is used for:

1. to verify receipt of the export products from sender.
2. to show payment obligations to the sender for transport of products
3. to register transfer of ownership of products from seller to buyer at the moment of payment.

Bill of lading can be:

Direct – These receipts are non-negotiable documents for the person/company receiving the product and show that the transporting company has received the product from the sender and agrees to transport it to the receiver.

With request – these are documents prepared with the request of importers, exporters, banks or other authorized agency. This receipt is used only when the importer has paid for the products.

In many occasions, these receipts include also information or directions for the transporter i.e. must call importer when reached destination etc. Bill of lading can also be direct, when it has to do with transportation of products from one port to another by the same agency, or indirect, otherwise.

2.4 Cargo list

In case that quantity, weight or composition of box, packaged material changes, it is necessary it is necessary to prepare a list for each one of them. Usually in these

¹² See Chapter I, Point 5. Rules of origin.

package slips information can be found on box dimensions, weight and content of shipment. Normally a package slip is not a required document by the customs authorities of the importing nation but in any case, it's a supplement document of trade receipt for export shipment. In annexes of the Customs Code of the Republic of Albania there is a model of the package slip. It includes:

- 1) Invoice number
- 2) Marks, numbers, quantity and type of boxes. Description of products.
- 3) Sending/exporting place
- 4) Gross weight
- 5) For authorized use only

2.5 Phytosanitary certificate and veterinary certificate

In cases of exportation of live animals, herbs and/or their products, it is necessary that Albanian exporters have in their possession other documents such as phytosanitary certificate and veterinary certificate.¹³ Release of these documents is a competence of the Agricultural and Food Ministry. In the republic of Albania offices for phytosanitary inspection are found in Durrësi and Qafë Thanë while veterinarian inspection can be done in Bajza, Durrësi, Han i Hotit, Morina, Saranda and Vlora.

Since 2001, to facilitate movement of products, Albania has joined the International convention "For harmonization of regulations for customs control of the products". This convention has a goal to improve legal formalities specifically times and timeline of control and also coordination of national regulations and procedures with those international for custom control of the products.

2.6 Insurance police

When products are transported from one place to the other, there is the risk of damages, losses, theft and other possible damages. Usually transport agencies refuse to be responsible for all damages mentioned above except when they occur as a result of their negligence. Documentation of product's insurance decides quantity insured and coverage terms. Almost all insurance companies in Albania offer insurance for products for export. Attached is a model released by INSIG.¹⁴

2.7 Declaration of export

According to Customs Code of the Republic of Albania, declaration for export must be completed from any individual that wants to export products outside the territory of Albania. Declaration of export is completed according to The Only Administrative Document (OAD), copies 1,2 and 3. After release of products, copies 1 and 2 are kept by the customs office. 3rd copy is given to the exporter who presents it to the customs authorities upon leaving the country. For products exporter by railways, airways and waterways, customs office is the competent office according to a contract for transport in another nation respectively from the railroad or airway company.

¹³ To acquire these documents see "Licensing guides" www.albic.net

¹⁴ For more information on product's insurance see point 5 in this chapter.

2.8 Other documents

Export regime in The Republic of Albania is completely liberal and therefore permits or licenses or export are released for products such as military, radioactive, medicaments, drugs or other phsycotroph materials. When such materials are exported, customs authorities may request their permit or licenses for their export. If it is necessary they can also request copies of contacts or laboratory results.

3. TRANSPORTATION OF EXPORT GOODS

Transport of products, whether within the country or internationally, can be done by transportation companies, individuals or other branches of the company. Goods destined for foreign markets may be transported through highways, waterways, railways, airways or a combination of any. Companies can undertake their own transportation of products but the practice nowadays is that they subcontract a transportation agency. For this reason transport products play an important role in international trade.

3.1 Road transportation

For transportation of products for export through highways, businesses in Albania have the possibility and the chance to do it themselves or may subcontract a transportation agency. If the company decides to use the services of a third party, it needs to be sure that this is a company with a good reputation in this field and that has all the necessary materials and documentation to do so. For international transportation of products, drivers must have in their possession all the documentation below.

- a) passport with the respective visa
- b) International permit for driving a truck.
- c) International permit for driving a truck through foreign nations.
- d) Certificate of customs approval
- e) International certificate for automobile's insurance.
- f) License to undertake transport activities for third parties for lease, or a certificate for transport for himself.
- g) Traveling papers\
- h) Bill of Lading for products transporting or CMR
- i) Carnet TIR
- j) Permit for international transportation

One of the conditions for giving a visa is also health insurance during traveling. This can be done in any insurance agency.

International permit for driving a truck and circulation permit are released from the respective authorities of the General Directory of Highway Transportation. To obtain this permit, the interested person must present a copy of driver's license. International permit has information on the holder's identity, respective registration number, national driver's license number, expiration date etc. Usually these permits are given for a period of 1 year.

In the circulation permit, aside the information provided in the drivers license, there is also information on the vehicle such as VIN number, engine details, Truck weight

when is loaded etc. In international transportation circulation permit is valid only with a valid driver's license.

Certificate of customs approval. Based in the TIR system, goods must be transported in sealed vehicles or containers approved by the custom authorities. Transporting vehicle used of international transport and that is covered by the TIR system is approved based on the Certificate of Custom's Approval. This certificate is released from the General Custom's Directory after verification of the vehicle. This certificate includes a picture of the vehicle. The vehicle must undergo yearly inspection and if there are important changes to its structure and main characteristics it stops being approved.

International certificate for vehicle insurance (green paper). Transporting vehicle must be insured from an insurance company before any international transport of products. In many occasions this may be done in the customs offices upon leaving the country. Green Paper is the equivalent to the certificate of insurance and therefore is accepted by all nations that have approved it. Based on Order no. 11, dated March 25th 2004 by the Minister of Finances, tariffs for mandatory insurance of vehicles are as follow:

Type of Vehicle	1 year contracts		10 day contracts	
	Normal Price (lek)	Maximal Price (lek)	Normal price (lek)	Maximal price (lek)
Transport vehicles of all types for up to 20 tons.	12 000	31 600	1 300	3 500
Transport vehicles of all types for over 20 tons.	14 000	37 800	3 000	7 000
Trailer	3 000	9 200	1 300	3 500

Type of vehicle	Customs Contracts									
	Normal price based on the number of the days the contract is available (Euro)					Maximal price based on the number of the days the contract is available (Euro)				
	15-d	20-d	25-d	30-d	45-d	15-d	20-d	25-d	30-d	45-d
Truck for products from 15 to 34.99 Kv	54	67	81	87	101	140	174	209	227	262
Truck for products 35 kv and above.	67	81	87	101	121	174	209	227	262	314
Trailer	40	47	53	60	73	105	122	140	157	192

Permit, licenses. Licenses are necessary for companies transporting products for a third party or for lease. Release of this license is based on 4 main points.

- a) Professional competences of the person requesting
- b) His good reputation
- c) Credible financial state
- d) Good technical conditions of vehicles.

Interested companies to obtain permit for international transport of products for their necessities and benefit must present to the respective authorities a request for this permit, registration certificate in the “ANALTIR” and a certification of technical control of vehicles for international transport of products.

Traveling papers. – Traveling papers are kept and completed from all transporters whether companies or individuals. It must be filled out for each travel for one or more business days. Traveling papers contain information such as destination, time of departure and arrival, type of product, quantity, volume and information on drivers work time.

CMR – CMR is a contractual document between the donor, operator and the receiver. This document standardizes contractual conditions and responsibilities of transporter. A CMR contains information on the donor, transporter and receiver of the product, place of delivery, type of packaging and number of cartons etc. In general, the transporter is responsible for total or partial loss of the product, damages occurred when product was in his possession and any delays in distribution or delivery of products.

Carnet TIR – This is a document that serves as a guarantee to the customs authorities on quantity, quality and condition of materials sealed in the truck. A Carnet TIR is completed for a truck or container and is valid only for one travel. This document must be filed immediately after arrival to the destination in the custom’s office of destination.

3.2 Waterway and railway transport of goods

While companies can use their own resources for transportation of product through highways, such thing is merely impossible for transportation by waterways or railways, therefore sub-contracting a third party becomes inevitable. However, transactions with port or rail authorities can be completed by representatives of the exporting company. It is very important to sign respective contract in these cases with the transporting companies.

Transport contract is effective at the moment the sender has made full payment. Transporter is responsible for loss or damages of products at all times while product is in his possession. In cases of loss or damages, their value is calculated based on the price when the product was loaded. Payment of damages corresponds to the difference in value of product from the time it was loaded to the time it got unloaded.

In *waterway transportation* the term “transport contract” is used only for those contract that are cover by a boll of lading or other legal document similar to it. Transporters are responsible for these products during which are in their possession. Transporter can make arrangement with sender for conditions, reservations or exclusions that have to with safety, protection and processing of products before loading until they get unloaded.

Based on the Waterway Code of the Republic of Albania, approved with law nr. 9251 date July 8th 2004, transporters are not responsible for losses or damages of products when the amount exceeds:

- 66 units of the value of carton or unit; or
- 2 units of the value in kilogram for gross weight of products lost or damaged.

Transporter releases to the contractor the Bill of Lading after receiving the products. At the port of destination these products can only be released to the holder of the copy of the Bill of Lading. When a Bill of Lading was not released, shipment is delivered to the place of destination to the person holding a written document from the contractor.

In many cases, waterway transport of products is also combined with other forms of transportation (highway or railway). In these circumstances transporter that has released the original bill of lading is responsible for implementation of all obligations until the destination mentioned in the bill of lading. All other transporters are responsible for products for their part of the transport.

Amount of payment for waterway transportation of products is decided with an agreement between parties. If an agreement does not exist payment is calculated based on tariffs in the place where products were loaded.

Companies interested in sending products across the border over seas, they must first notify port authorities for a *ship arrival*. In this notice, Albanian companies must specify the name and the flag of the ship, date and time of arrival and reason for its arrival. Captain of the ship releases to the contractor a *loading plan* which correspond to the plan of placement of products in the ship, while port authorities release a “permission for loading”. Loading can not start without this permit.

For railway transport of materials, Albanian companies must make a contract with the Albanian Railroad (AR) as the only legal railroad transporter in Albania. AR is a public organization with governmental capital. Like other transportation ways, it is also necessary to sign a transport contract for railway transportation. The contract specifies obligations that senders, transporters and the receivers of product have. Tariffs for railway transportation are decided by the railroad authorities and in this case the AR.

4. INSURANCE OF EXPORT GOODS

Products for export like all other products carry risks of theft, damages, destruction, fire and other natural phenomena. To protect from these happenings and to minimize losses occurred as a result of these damages, operators in international commerce are mandated to insure these products.

In the Republic of Albania, insurance activity is regulated by law nr. 9267, date July 29th 2004 “For insurance, reinsurance and mediating of insurance and reinsurance activities” changed by law nr. 9338 date December 16th 2004 “For additions and changes in law nr. 9267” These laws and other ordinances and decisions of the Council of Ministers in their implementation, decide general regulations on which is based insurance and reinsurance activity in Albania. Their dispositions are implemented for all insurance companies, local or foreign, and for all operations that are directly related to insurance and reinsurance activities.

In law nr. 9267 “For insurance and reinsurance activities and mediating in insurance and reinsurance” are also decided classes under which activity in the insurance field is applied. Insurance of products during transportation is one of the classes mentioned in this law. This type of insurance falls in the voluntary class of insurances and covers all damages and losses caused during transportation of products, regardless on the type of transportation.

4.1 Risks insured in the transportation of products

For product’s insurance during transportation, insurance agencies usually use Clauses of Institute of Goods. Therefore, products are covered from phenomenon that causes damages such as:

Coverage C – Coverage C is the most general coverage and it provides protection from losses and damages to products, regardless of the method of transportation. According to this type of coverage, products are insured for losses and damages that can be attributed to:

- Explosions and fire
- Crashes, falls, drownings
- Railroad catastrophe, land falls etc.
- Crashes of the transporting vehicle
- Unloading of product in a port that represents danger.

Based on this coverage products are insured also when they thrown overboard by the crew of the ship.

Coverage B – According to this coverage, besides risks mentioned in coverage C, products are also insured for damages incurred from earthquakes and volcano eruptions, lighting, flooding and also damages incurred during loading and unloading of product.

Coverage A – According to this coverage, products are insured from losses or damages incurred from all dangers. “All dangers” meaning losses and damages that happen occasionally, not the kind of danger considered inevitable.

Products are not covered from damages and losses when they are incurred from:

- a) premeditated and mishandling of products by the insured
- b) spills or usual losses in weight, volume or consumption and amortization of insured object
- c) delinquencies in packaging
- d) known flows that are related to the nature of the product
- e) delays
- f) payment incompetence, non-payment of financial obligations from the transporter
- g) purposely destroying or damaging an insured product.
- h) Losses and damages caused by military or nuclear weapons.

4.2 Insurance procedures and tariffs

Product insurance for losses and damages is totally voluntary therefore its procedures to insure them is very simple. Interested parties for insurance can go to any insurance

agency and request to insure their products from any loss or damages. Generally they are required to complete a form “Request for insurance of product for transport”. Each agency operating in Albania has this form (see attached model). This form has several different sections that contain the following information:

- Insured- first and last name, address and contact information
- Type of product- name, gross and net weight, number of cartons, number of bill of lading and its release date
- Departure and destination place
- Type of transportation- name of ship, characteristics of vehicle, rail line or airline
- Insurance- amount of insurance, condition of insurance (Coverage 1,2 or3) and delivery.

Insurance tariffs during product transportation applied in Albania are liberalized. They change depending on the type of product being transported, destination place, type of product and type of coverage. In Albania, insurance tariffs for product insurance during transportation are very competitive and range from 0.2 – 0.7 % of the value of products. To value damages, interested parties may refer sales or transport contracts.

5. EXPORT FINANCING

5.1 Types of export credits

Exporting requires additional financial sources. Amount of capital requested to penetrate in the international markets changes depending on the kind of business and also depends on the strategy that companies implement. In the framework of exports, additional capital can be requested as follows.

Financing before transport of products – It refers to requests for additional capital for purchase of products, raw materials or other ingredients before production and exportation.

Financing after transport of products – It refers to capital requested to continue business activity in the time period between sending the product and completion of respective payments.

Financing for work capital – It refers to the capital requested to facilitate company’s daily expenses, such as shipments, wages, maintenance of building and machinery etc. In the framework of exports it can be included expenses for preparation of necessary documents, market research, personnel traveling, translations etc.

Financial resources can be banks and other financial institutions. Each of these institutions has its own application format for necessary capital for export. However, most of the institutions request that the businesses specify the below mentioned in order to get credit.

- Amount requested and reason for it
- Preferred terms for debt payment
- Insurance offered
- Predictions on money flow
- Details on existing debts
- Business financial information
- Trade history

- Stock value
- Experience and qualifications of owners
- Organizational structure of company
- Short and long term objectives
- Market research results
- Other documents, such as contracts
- A copy of export strategy

5.2 Methods for payments

There are several methods with which clients can make the necessary payments in international trade:

Prepayment – prepayment is one of the safest methods for exporting companies because it eliminates risks of nonpayment. Unfortunately there is a limited number of buyers that can afford prepayment, regardless that some of them can pay a certain amount at the time of order. In the case of services a specific quote can be paid at the time of signing the contract and the rest can be made in the form of scheduled payments.

Credit letter- Credit letter are useful because at some extent it assures the seller and buyers because all transactions are done through banks. Banks receive and control all documentation on transportation of products guaranteeing therefore necessary payments. Credit letter allows that costs for financing transactions be afforded by the seller or buyer. General conditions and payment methods can be specified through an agreement.

Credit letters can be *confirmed or unconfirmed*. Therefore an Albanian bank can confirm a credit letter by a foreign bank, which means it will make the necessary payments if the foreign bank fails to do so.

Credit letters can also be irrevocable which means that they can not be annulled or changed without permission of exporter. The safest form of a credit letter is that they be confirmed and irrevocable.

However, credit letters are never perfect. The safest thing to do is that before their acceptance check specific details such as:

- Are the names of the exporter and importer written correctly?
- Is the credit letter irrevocable?
- Is the credit letter confirmed by an Albanian bank?
- If value and currency is acceptable for the credit letter given
- Are the dates for transport and deadline acceptable and if the time period given for documents is appropriate?
- Are there any specifications for transport conditions?
- Are the products and services explained as needed?
- Are the specifications on insurance acceptable?

Documentary collection- this method of payment can be used only when seller and buyers have built some sort of trust. According to this method, seller's bank sends all documentation of shipment to the buyer's bank. The bank releases them to the exporter, only if he has made the necessary payments, or when he accepts the charges and agrees to make payments within the deadline given. In each of the cases the bank

only agrees to release the documentation to the importer based on conditions specified by the exporter.

Open accounts- this method of payment is the one that has the highest risk for the exporter. Based on this method, buyer does not pay for the product until he receives them. In the case that the buyer refuses to pay, the only way the exporter can follow is that of legal means. This method should be used only if the exporter and importer have had long term relationship between them and when there is a stable economic-political environment in the buyer's nation. If sales will be done based on an open account, deadline for payment must be specified.

5.3 Export financing in Albania

Banks and other financial institutions are engaged in giving credits for small businesses in Albania. Actually, these institutions do not have a specific program for financing exports regardless whether the credit given has served to such activity.

Procedures for release of business credits, are almost unified in different banks. Usually whenever someone deposits a request for credit, banks will do a preliminary evaluation by asking to provide some information and fill a form. This information includes name and address of company, number of partners, date established, field of activity, number of employees, sales and net income for the last 3 years, owners capital etc. The client also needs to specify the amount to be requested, its use, for how long and collateral. If the banks respective board considers the request acceptable, than there are further procedures asking the client to provide the following documents:

- 1) A short history of business and a description of organizational description.
- 2) Partnership agreements with other companies
- 3) Financial balance for the last 3 years and other financial information for the period to follow
- 4) Actual business plan where future perspectives must be included and an analysis of factors that contribute in the business
- 5) Documents that verify origin of financial wealth that business will put as collateral

With the board's request, client can be asked to provide other documents such as an evaluation of the collateral provided from authorized individuals, contract with buyers or suppliers etc.

For methods of payments, banks that operate in Albania are open to any means of payments in international trade. Therefore they offer all services for credit letters, open accounts etc.

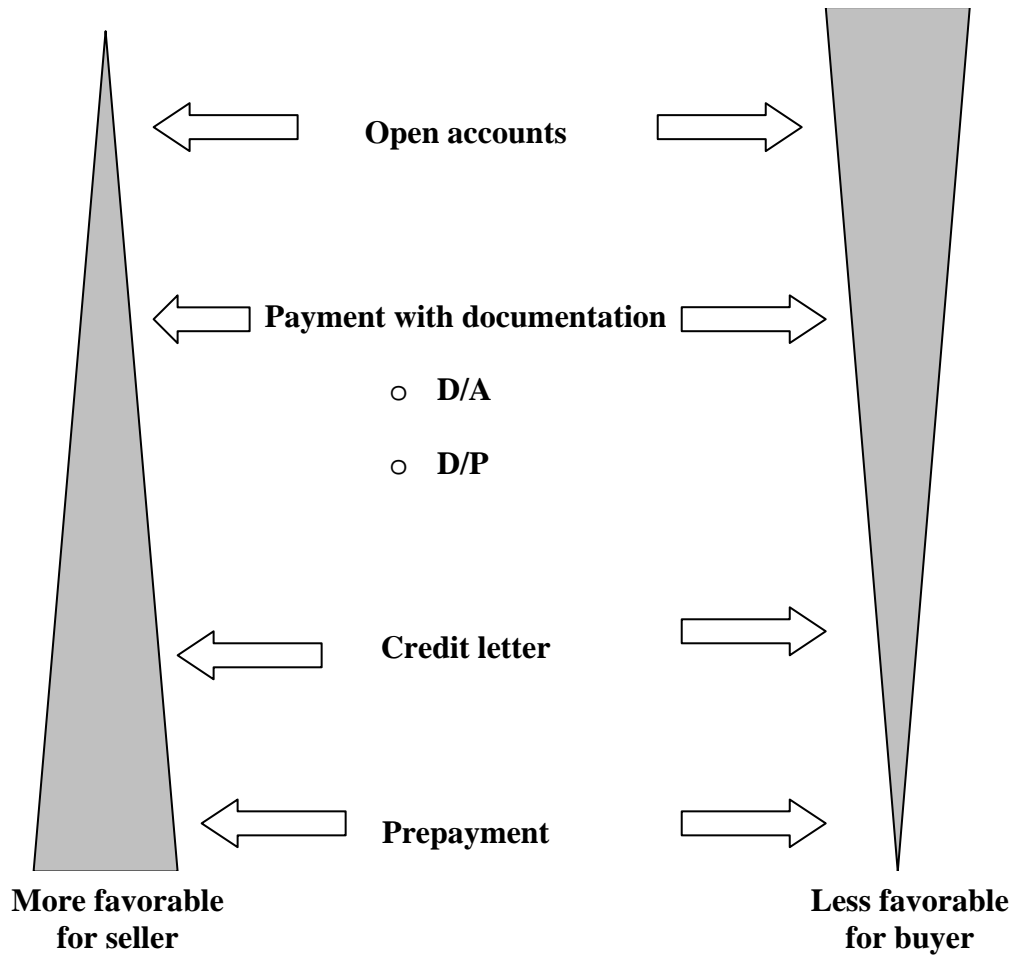
Practice has shown that until now in Albania there have been used two types of payments, prepayment for importers and open accounts for exporters. Based on the diagram below, in both occasions (seller/exporters or buyers/importers) Albanian businesses do not benefit from other forms of payments available.

EXPORTER/SELLER

IMPORTER/BUYER

Less favorable for seller

More favorable for the buyer



6. DISSPUTE OF SETTLEMENTS IN INTERNATIONAL TRADE

There are disagreements between Albanian exporters and foreign companies for different reasons. These disagreements usually rise for not following the terms of the contract for quantity, quality, deadlines etc. Albanian exporters have little experience in this field as they entered this market the past years of transition.

One alternative for solving disagreements is arbitration. It has to do with a variety of procedures outside the traditional legal process and are done voluntarily from the parties to try to solve disagreement they may have. Arbitration means involvement of a third party which is neutral and acceptable by both disagreeing parties, which has a legal obligation to make a final decision. Arbitration procedures may start when:

- a) there exist a clause for arbitration in the agreement
- b) After start of disagreements, parties agree for arbitration.

Procedures for arbitration are private. They are much faster and inexpensive compared to the legal procedures. Through arbitration parties have more control in treating their disagreement than they would try to solve this through legal procedures. Another important part is that with arbitration parties can choose the third neutral party which is acceptable by both.

6.1 Dispute of settlements in Albania

Albania, regardless of being an open nation towards foreign markets does not have approved a law for international arbitration, which would orientate exporters on procedures and methods on resolutions of international disagreements. In these conditions it is very necessary that one of the clauses in the contract of sale is resolution of disagreements. Practically to resolve disagreements in the following steps are followed:

- a) When the contract specifies that disagreements be solved peacefully between the parties, their lawyers choose a neutral referee that will judge their disagreements.
- b) When it is specified in the contract that disagreements be solved by arbitration, than the disagreements goes to the international chamber of arbitration. In Europe there are two organisms for international arbitration, one in Geneva and one in Paris. It must be specified in the contract which one of them will be used in cases of disagreements.
- c) When in the contract is not specified how disagreements will be solved, than the plaintiff can file complaint in the court system of the defendants nation.

Based on the Code of Civil Procedures, statute 37, jurisdiction of Albanian court for foreign individuals may be regulated by specific law. Jurisdiction Albanian court can not be handed over by agreement to a foreign jurisdiction, except when it has to do with an obligation between foreigners or between a foreigner and an Albanian citizen, or when the person lives in Albania, and also when these restrictions have been foreseen in International Agreements ratified from the Republic of Albania.

6.2 Recognition of court rulings from other countries

Decision from foreign courts are accepted and implemented in Albania, based on conditions foreseen in the Code of Civil Procedures and other specific laws. If there exists an agreement between Albania and a foreign country, than its dispositions must

be implemented for acceptance of foreign court decisions. Foreign court decisions can not be implemented in Albania when:

- a) Disagreement is not in the competence of the state court that has released the decision.
- b) Complaint and subpoena for court s not presented to the defendant on time, and giving him the chance to defend himself.
- c) If for the same disagreement, between the same parties a different decision was issued than that of the Albanian court.
- d) A complaint is being verified by the Albanian court before the release of a final decision of a foreign court.
- e) Decision has a decisive form that conflicts with the foreign nation's legislation.
- f) Decision conflicts with basic principles of Albanian legislation.

Acceptance of decision from a foreign nation is done based on a request presented to the Appeals Court from the interested party. This request can be presented in diplomatic ways when it is allowed in international agreements and on reciprocity basis. Interested party for acceptance of decision must name a representative, and if such thing is not done, than the court appoint a lawyer who presents the request. Other documents are attached to the request such as:

- a) copy of decision and its notarized translation
- b) statement from issuing court that the decision is decisive, and also its notarized translation
- c) procurement, in cases that the request is presented from the representative of interested party, notarized and translated.

Copy of decision and statement must be verified from the Ministry of Exterior of the Republic of Albania.

Appeals Court controls whether the decision is contradicting with dispositions of the Code of Civil procedures.

Decision of foreign court Is implemented in the Republic of Albania only by approval of the Appeals Court.

6.3 European Convent of Arbitrage and the New York Convent

Since 2000 Albania has been a part of the European Convent of Arbitrage and Convention for Acceptance and Implementation of Foreign Decision of Arbitrage (known as the New York Convention).

European Convention of Arbitrage is implemented for completed agreements of arbitrage that have intention to solve disagreements from international trade between individuals, who at the completion of agreement have offices in the contractual countries.

The New York Convention can be considered as the most important multilateral agreement on international arbitrage. According to this Convention, court systems from contracting nations accept written agreements of arbitrage and do not accept a disagreement resolved by court if it is object to arbitrage resolution. Based on this Convention court systems also accept and implement decisions by foreign courts.

HOW TO EXPORT –THEORETICAL BACKGROUND

1. METHODS OF EXPORTING

There are two main methods for exporting: direct and indirect exportation. An Export Management Company (EMC) or a Company for commerce in Export markets usually act for indirect sales by finding buyers, transportation of products and making payments. In direct sales is the exporting company that contacts foreign buyers. One of the main elements considered for choosing an exporting method is the resources the company is willing to use in its effort to trade in foreign markets. Some other factors to be considered for international trade are:

1. size of company
2. nature of products
3. experience in export and expertise
4. conditions in the importing country

The method that the company selects for exporting has an impact in export planning and other respective strategies of marketing.

1.1 Indirect exporting

By selecting this method the company uses a middleman to find markets and consumers for their products in foreign markets. EMC, ETC, consultants in international trade etc. can be used as middlemen by finding markets and offering their expertise on exporting for interested companies. In this case the exporting company can control the exporting process and at the same time can benefit by gaining knowledge such as technologies used, competitors, possibilities to operate in foreign markets etc.

Indirect export creates possibilities to small companies to penetrate foreign markets without dealing with risks and complexities of the direct exporting. Middlemen companies offer to a company a variety of services for export. Some types of middleman companies are:

Confirming house - “Confirming Houses” are companies that search for and find foreign companies interested in buying products. They search for products with low prices and for this they get a commission from foreign companies.

Export Management Companies (EMC). An EMC operates as an export department for one or more producers. An EMC commences business initiatives for itself or representing a producer, for a commission, payment or quote plus commission. Some ECM, usually the bigger ones, make immediate profit on sales of products and this happens when they either finance the sale of product or just buy them for retail reasons. ECMs are specialized, by products, markets or both. A disadvantage for using ECM for exporting is, that the exporting company can loose control on sales of its products in foreign markets.

Export trading company (ETC) - These companies operate almost like ECM except that can obtain products and resale them for their own benefit.

Export agents, wholesalers and retailers – All three of these types of middlemen buy products directly from producer and after they package and label them, they sell them in the international market for their own benefit assuming all respective risks.

1.2 Direct exporting

To use direct export means to have more control over the whole export process while bringing in more profit and making stronger ties with buyers. However, direct exporting requires more resources, more time and extended personnel compared to indirect exporting.

If a company decides to act in international markets, it needs to make changes in the organizational structure to cover exporting activities. First, a direct exporter needs to search and find markets to penetrate and the most convenient channel of distribution, and then create business ties.

When a company first starts to export, usually uses the same organizational structure for exports and local sales. Later can be a separation between international business and local business by creating an export department. Large companies with experience in export have different sectors within their export department, separation of which can be done through products, markets or a combination of both. After companies are organized properly to support exports, they then must decide on channels of distribution for each market. Therefore a company must select:

Sales representatives. They are in charged on showing the company's products to potential buyers. Sales representatives usually work on a contract for a selected time period. They get paid by commission. The contract describes territory and sales terms, methods of compensation, reasons and procedures for breach of contract. Sales representatives can work on exclusivity basis or not.

Agents. Are representatives who have the authority or/and legal rights to act on behalf of the company he represents.

Foreign distributors. Are merchants who buy products from the exporting company and resale them for personal profit. They provide extra services for the products and relieving the company from such services. Therefore foreign distributors have the products in stock, parts, personnel and other facilities to offer extra services. They can have other materials that do not “contradict” each other.

Foreign retailers. A company may sell directly to a foreign retailer. In these cases most of the time a sales representatives meets face to face with buyers but there are other means for gathering necessary information such as catalogs, brochures etc.

Direct sales. Companies can sell directly to buyers who can be governmental organizations, institutions like hospitals, banks, schools or other businesses. Potential buyers can be identified through electronic or written media. With prior arrangements, the exporting company is responsible for all transportation, payments, extra services etc.

1.3 Technology licensing

Licensing of technology consists in a contractual agreement in which licenses, trade marks, copyright, trade secrets and any other intellectual ownership, can be sold or

leased to the licensed from the licensee for an agreed payment. Amount of payment can be e close to, royalty payment or a combination of both.

An agreement for licensing of technology usually creates possibilities to companies to:

1. Penetrate faster in foreign markets.
2. Encounter fewer financial and legal risks.
3. Avoid tariff and non-tariff barriers for trade.

Licensing of technology is a good method of exporting for smaller companies and for those with less experience in international commerce. This method of exporting is not used in the production sector. A way for licensing of technology is “**Franchising**”. In franchise, based on a contractual agreement, licensor gives the right to the licensee to use all trade marks for products or services for their marketing. In this case, the licensee acts for the benefit of the licensor by advertising and offering administrative and training.

For international transactions, it is very important to analyze conditions in the nation in which technology will be transferred. Aspects to be analyzed are:

1. Legal framework for licenses, trade marks and copyright's.
2. Measures for a steady exchange rate.
3. Legal framework for responsibility of products.
4. Demands for exchanges and resolving of disagreements.
5. Fiscal legislation and “Antitrust” laws.
6. Government standpoint on deporting of funds and dividends.
7. Competition products and technologies and the markets they control.
8. Obstacles for penetrating these markets.
9. Licenses, trade marks and copyrights to be applied.

As a method of exportation, licensing of technology has some negative aspects as well. By using this method, licensing companies will have less control on the technology. Furthermore, income generated from this form of exportation will always be lower compared to direct or indirect exportation. On the other hand, there is always the risk that licensed companies make their own products using the licensee's technology to compete with them.

1.4 Joint Venture

Usually a “Joint Venture” is the best method for exportation. Companies can request to enter a joint venture to reduce and distribute costs and risks for operating in foreign markets. Local partners in a “joint venture” invest their knowledge on the clients and preferences of the public. In a joint venture, foreign companies can take advantage of the distribution network of local partners and also their business contacts. Local partners ensure protection to foreign companies on discrimination in cases that market conditions change.

There exist some limitations in some countries, as far as capital a local partner needs to have in a joint venture. **There are no such limitations in Albania.**

2. PREPARATION OF PRODUCTS FOR EXPORT

Selection and preparation of products for exports requires knowledge not only on the product but also on the market: *characteristics of every intended market*. Results of market research and contacts with sales representatives in foreign markets can give information needed on which products can be sold and when. However, before the product is sold, the company will have to modify it to better comply with the requirements, tastes and preferences of customers in foreign markets. The level of modification is determined by the company managers. If a firm produces several products of a wide variety, it exports the products that suit better the market without having to significantly modify it. However, before the firm starts selling in foreign markets, it needs to answer the following questions:

1. What consumer needs will the product fulfill?
2. Which product should the company offer to the foreign market?
3. Should the company modify the existing product or create a new one for the international markets?
4. What characteristics should the product have in terms of form, size, color, packaging, label and guarantee?
5. What additional services are needed before and after the product is sold in the foreign market?
6. Is the company capable of providing these services?

2.1 Product adaptation

In order to be successful in the foreign markets, the companies should modify the product according to the legal framework, geographic and climate conditions, customer preferences, and the living standards of the host country. Often the companies have to modify their products based on specific requirements imposed by their transportation.

The trade laws and regulations of a country are presented in the form of trade tariffs. They usually have to do with *a) the protection of domestic products b) the protection of their citizens' health c) the obligation of the importers to act in accordance with environment protection d) the obligation of importers to respect measurement systems e) the limitation of products with components and of a particular country f) the protection of the citizens from cultural influences deemed inappropriate*.

Factors such as topography, humidity, and the cost of energy can define the use of product. In addition, the customer traditions such as religious practices or use of leisure time also define if a product will and can be market in a country. The same thing is true for the standard of living. Factors like the level of income, education etc., help to determine whether a product will be accepted in a market or not.

2.2 Production and designing of export products

The products that will be sold in the international market should conform with the cultural specifics and customer preferences, as well as to other requirements imposed by the trade between the two countries and globalization. For example, the services and products offered should fulfill the international requirements with regard to quality management, environment, or quality control and product insurance (agro-food products).

2.3 Product packaging and labeling, trade marks

The consumers are interested in the products as well as elements of it such as packaging, guarantee and other services. On the other side, labeling and branding of the products requires that the following issues are being taken into consideration:

1. Does the international branding plays an important role in the product promotion? If not, would the local branding increase customer's interest?
2. Are the colors used in the products labels attractive to the consumer in the international market? For example different colors represent different symbol in different countries.
3. Is it important to use official language or informal language in the product labels? Are there laws and regulations for this?
4. Should information be given on the content and the origin of the product?
5. Should information be given on the measures and weight of each product unit?
6. Is it necessary that each product unit is labeled separately?
7. Have the consumer's preferences been taken into account?

Making a product known is very expensive for a company. It is also important to what extent the brands are protected in a particular country. In many developing countries there are barriers in the use of brands. In others, fraud and pirating of products is common. To ensure an efficient protection to the products, the company should engage seriously in implementing the local legislation with regard to the patents, commercial brands and copyright-in.

2.4 Installment

Another important element to be taken into consideration during the preparation process of the product is its installation outside of the country. If it is necessary that engineers and technicians are present during installation, the company should try to reduce their working time to a minimum possible. To achieve this, the company should install and test the product before hand.

Disassembling the product for transportation purposes and assembling it is a method that results in reduces transportation costs. However, there might be delays in payment until the product is fully assembled and installed.

In any case, the company should be careful to give all the necessary information through the installation manuals, the lists of its components, etc. All this information should be in the language of the country where the product is being sold. On the other side, to reduce the distribution costs, it is necessary that the company gives guidance with regard to the transportation of disassembled products.

2.5 Guarantees

The company should be careful to give the guarantee of service for the product. This is a demand of consumers in every country, as they would need to be informed of what insurance they have if the product does not fit their needs. The level of consumers requests changes from country to country depending on the level of development, sector competition, consumer groups, local standards for the product quality, etc.

The company can use the insurance for advertising purposes and to differentiate its products from its competition. Good insurances are necessary if the company aims at entering a new market. In some occasions, insurances are used to increase sales and negotiating power of the company. However, it should be taken into consideration

that unnecessary insurance can increase costs. Hence, it is good that such services are offered on local level under the supervision of a representative or distributor.

2.6 Services

Services are amongst the most important factors directly influencing the sales and success of the product outside of the country. The services are offered based on the type, quality and price of the product. The services also differ based on the distribution channel. To offer a service means to offer the product on the right place and time, to offer repair and/or replacement service, to offer accessible services points, with educated and professional staff, and to have the needed support from the ones offering the product, etc.

The service after sale can be important for several products. Usually, the more complex is the production technology the more services are needed before and after the sale. In this viewpoint, many companies are always under pressure to offer simple products in order to reduce the costs of maintenance and repair. There are several ways for these expense categories:

The product can be returned at the point of production or distribution. This is probably the most expensive and inappropriate way. In this case the consumer might not use the product for a long time, while the exporter is faced with double costs, as it has to spend again for its export.

Exploit the capacity of the local partner (Join Venture). If the local partner possesses such capacities, it is necessary that in negotiating, specific considerations are included with regard to the repair, maintenance, insurance and the costs deriving from them.

The use of local capacities. This case is used for products sold on retail stores. Preliminary expenses are required to identify local providers of required services, costs that would be covered during the long term.

Establishment of a branch or helping unit. This can be implemented only when the firm has been exporting for a while. This particular case offers possibilities to the exporting firms to exercise control over the whole export procedure and to serve several markets at the same time. The branch or the helping unit can be composed one individual or a whole staff divided into sales, personnel, services, etc. This staff in most cases is composed of people living in the country where the products and services are being exported. While this particular model is expensive, it provides the exporter quality in sales and services. In any case, continuous training of the staff with regard to sales, products and services is very important.

3. EXPORT PRODUCTS PRICING, QUOTATION AND SALES TERMS

Determining the price of the export products, the complete and coherent quotation as well as the definition of the sales terms are 3 important elements for the successful sale of the product outside of the country. From these three elements, determining the price is the most difficult task even for the companies that are used to exporting.

3.1 Export products pricing

The price is the single mix marketing element that determines the company incomes. If the price of a product is high, it might not sell. In the case of a low price, it might not cover the costs, let alone give profits. It is important that market research gives

complete information over all the variables that influence the price of the product. In general, the factors influencing the price of the products and services are:

- **Costs.** Here are included both costs for the production of the product, and those imposed by the market and the export. The latter includes: exchange rate, market research costs, modification and packaging of the product, travel, translation, etc.
- **Market request.** The income per capita is a good indicator of the purchasing power of the consumers for many consumption products. For consumers with low income products could be simplified and price could hence be lower. If the target market in a foreign country is the expatriates living there, the price would be appropriately high though the income per capita in that country is low.
- **Competition.** In the internal market there are only few companies that are free to determine the prices to their products or services without taking into consideration the policies for determining the price used from the competition. The same happens with the exports. The situation is even more difficult considering that in this case there is a need to analyze the policies of the competition in each of the potential export markets. If there are a lot of competitors in the market, then the exporting firm should consider as given the market price, or offer a lower price in order to get a piece of the market. If the product or service is new for the market it is possible to place a higher price than the one in the internal market.
- **Taxes, custom fees, transaction costs, VAT, etc.** These often make the price paid by the importer twice as much of the price of the product sold on the country.

Based on the above mentioned factors as well as on the objectives set as an exporter (aiming to enter a market, possess a larger market share in the long run, or simply looking for a place to sell excess products), the company can make a decision with regard to the strategy to define the price. Following are some possible alternatives:

Base price – place the same price for all consumers.

Flexible price – charge different prices to different clients

Price based on total cost – it covers the fix and variable costs of selling in the markets of export.

Price based on marginal cost – it covers only the variable costs of the production and export, while fixed costs are covered by the company with its sales in the internal market.

Penetrating price – keeping the price on a low level to attract clients to discourage the competitors and to gain market share.

Exceeded market price – placing a high price for the product to profit for as long as the competition in the market is low.

3.1.1 Methods for export products pricing

Many new exporters calculate the price of the products for export based on **Cost Plus** method. Based on this method, the exporter adds to the costs of the production, the expenses for the administration, research and development, transportation, distribution margins, custom duties and its profit. By using this method, it can happen that the price goes higher without being competitive. An example of calculating the price based on this method is given below:

Calculating the price of the product based on the “Cost Plus” method

	Sales in the domestic market	Sales in the export market
Price in the factory	7.50 \$	7.50 \$
Transport inside the country	0.70 \$	0.70 \$
<i>Subtotal</i>	<i>8.20 \$</i>	<i>8.20 \$</i>
Documents for export		0.50 \$
<i>Subtotal</i>		<i>8.70 \$</i>
Transport outside of the country and insurance		1.20 \$
<i>Subtotal</i>		<i>9.90 \$</i>
Import duties		1.20 \$
<i>Subtotal</i>		<i>11.10 \$</i>
Whole sale margin	1.23 \$	
<i>Subtotal</i>	<i>9.43 \$</i>	
importer/distributor margin		2.45 \$
<i>Subtotal</i>		<i>13.55 \$</i>
Retail store margin	4.70 \$	6.70 \$
Final Price	14.13 \$	19.25 \$

Another somewhat more appropriate method to use when entering a market is that of **Marginal Costs**. Based on this method, in calculating the price of the product for export, only the direct costs for the production and export of the product are taken into consideration. This way, the company will not run into loss. Additional costs might rise in the case of product modification. On the other hand, costs might decrease if the products for export are produced without additional fixed costs for the company.

3.2 Quotations

Many export transactions start when a request is received from outside which is followed by a quoting request. Quotation consists on description of products, pricing, transportation time and sales terms by a quote receipt. In cases of exports, when supposedly buyers do not know the products (or know less than the local buyer), description of product in the quote receipt is much more detailed. This description must include these details.

1. Names and respective addresses of the buyer and seller.
2. Buyer's reference number and date of request.
3. List of requested products and a small description
4. price of each product (it is better to specify whether the products are used of new)
5. Net weight allowed for transport.
6. Mass of each product allowed for transport and general allowed volume.
7. Discounts (if any)

8. Distribution site
9. Sales and payment terms
10. Transportation and insurance costs.
11. Amount to be paid by the client.
12. Transportation date (approximately)
13. Date within which the quote is valid.
14. Money to be used during transactions.

Besides the above mentioned, quote receipt must also include two sentences: one that states that all the information is correct and another stating origin of products.

3.3 Sales terms (contracts)

Sales terms represent a written agreement between the buyer and the exporter in regards with procedures needed for products, transportation, guarantees, solving of disagreements amongst parties etc. In every sales agreement, it is important that the terms used are understood from both parties. Not recognizing or not understanding may cause a loss of sale or failure of agreement. Terms used in international trade seem similar with those used in local sales, but in fact there is time when they have different meanings. In this case an understanding of INCOTERMS is necessary.

4. TRANSPORT OF EXPORT GOODS

Transportation of products for export relates not only to the method of transportation but also to other cases like insurance of products, their packaging, completion of all necessary documents etc. Therefore during transportation of products to the destination, exporters must make sure that:

- a) Products are well packaged so they reach their destination in good condition.
- b) They are labeled properly so they can be managed during transportation and will reach destination without delays.
- c) Documentation of products is filled out properly according to the laws and regulations of all nations involved in trade.
- d) Products are insured from damages, losses, theft or delays.

4.1 Methods of transportation

Products for export may be transported by:

Truck-This is one of the most popular method of transportation not only for local transportation but also for international transportation. In international trade this may be called “combined transportation method” because in most cases is combined with other method of transport such as water transport (products loaded on a truck may be transported by ship to a port near their destination and from there they reach their destination on highways)

Railway – This method of transportation is used in those nations where highways are not in good conditions. Likewise the first method, railway transportation is also often combined with water transportation. Costs of transportation depend on the size loaded in each wagon (it is less expensive if they are fully loaded).

Airway –This is the most expensive method of transportation. Furthermore there are limitations on airway transportation for dimensions and weight of load. High costs in his occasion can be justified with the distribution speed of products, lower warehousing costs, insurance and better control of goods during transportation.

By ship- (waterways) – Products with bigger dimensions and their distribution rate is not important can be transported by ship as it is the most economical way.

4.2 Packaging, labeling and documentation of products for export

To properly package the products for export in order for them to reach their destination in good conditions, companies must consider:

- a) Type of products (i.e. does the product last long? What are the temperatures that may cause changes in the products life expectancy etc)? Size, form, weight etc.
- b) Method of their transportation (if products will be transported by truck or ship must be taken into consideration facts that may change the products stage such as unfit roads or products may get wet).

Labeling and notes on products for transportation reasons must be completed in accordance with the accompanying documents such as: trade receipt, bill of lading etc. notes on products give information on their weight, name of buyer, customs site of entrance in the importing nation, nation of origin and other specific notes such as “Attention! Open here!” etc. on the other hand product labels must be completed in accordance with customs regulations of the importing nation and written in the importing nation’s language. They must include information on the producer, transporter, and also some other specifics about the products. However, to minimize the risk of theft during transportation, it is not recommended excessive information on type of products, its components etc.

During transportation of products, its documentation needs close attention. Requested documentation in transportation of products must be conform to the legislation of the importing nation and also in accordance with requests derived from the trade agreements signed between the two nations.

4.3 Insurance

In the context of exports, insurance has to do with:

- 1. Insuring the products from loss or damages.** Products must be insured against losses or damages that can occur during transportation. Responsibility for products insurance is determined by the sales terms (contract of export) signed between the exporter and importer (see: Chapter III – contract for export, Incoterms).

Insurance coverage changes from contract to contract. In international trade usually products are insured for their CIF value plus 10%. This helps cover costs regarding transportation of products including prime costs paid to the insurance agencies. .

- 2. Insurance against non-payment of buyer.** If in the terms of payments are possibilities of non completion of payment from buyer in the international trade, there are possibilities to insure against the risk of non-payment with different insurance agencies. Risks covered by this type of insurance have to do with:

- a. non-payment from the buyer
- b. Refusal of buyer to accept products.
- c. Buyer not being able to pay
- d. Not being able to distribute products for unforeseen reasons;
- e. Civil wars or problems;
- f. Government interference

4.4 “Freight Forwarder”

International “freight forwarder” plays the role of an agent for transporting loads from the exporting nation to the final destination. These agents are familiar with regulations for import and export in international markets, methods of transportation and demands for completion of necessary documentation.

Exporters can take advice from “Freight Forwarders” for transportation costs, tariffs in the loading and unloading docks, consulting tariffs, costs for obtaining necessary documentation for export, insurance costs etc. Agents for product transportation may give advice and recommendations on methods of products packaging. Costs of services offered by them are legitimate exporting costs and must be included in the price for the buyer.

5. EXPORT PRODUCTS PROMOTION

Strategies used for promoting products from exporting companies are amongst the most important factors that have an impact on their success in international markets. Promotion in this case includes all forms of communication used from the company to draw buyers into buying their products and services. These forms of communications include:

Advertisements: companies must carefully pick the type of media through which they will advertise their products. They must select the media that has the biggest coverage of the targeted audience. Therefore, television, radio or written media would be the best choices.

Promoting materials. Companies may have to redesign and remodel promoting materials and packaging of products destined for international markets. Therefore they must get rid of materials and elements that may seem unfit or that have no meaning for the target market. Promoting materials and packaging must be translated in the language of the importing nation. In any case, the translation must be verified by a citizen of the importing nation.

Direct post. For promotion of products and services for export an efficient way may be advertising by direct post. To use this promotion method it is necessary that companies and their staff have made the necessary research and are familiar with the market they are sending messages to from the company.

Personal contacts. Personal contact with potential buyers for the products or services in international market is the best promotion method as it adapts to different cultures.

Trade shows. Entering in international trade shows helps not only to promote the material but also to get a better knowledge of competitors and also serves as a market research.

Internet. Creating web pages for the company is a common thing. Companies can promote their products but also offer services to customers through web pages.

6. MARKET RESEARCH

In order to make better decisions for all the above actions companies that intend to operate in international markets must first discover and understand what the potential markets are and what some of their characteristics are. Market research is one of the

methods used to evaluate a potential market for a product or service in a specific region. This research can be done from the company's employees or from an outside company selected from the interested business. The main goal of market research is to gather correct and detailed information so the export plan can then be implemented properly.

Market research for export has two phases:

Internal research. This phase corresponds to gathering of information from all possible sources. It is intended to gather information from banks, statistical institutes, export agencies, international organizations, chambers of commerce etc.

External research. This phase corresponds to gathering of information in the market intended to operate. It is necessary to make an evaluation of possible sales of products or services in the market and that can be done through discussions with potential buyers, agents and distributors, and also by testing the products and entering trade shows.

Results of a market research for export must contain correct and valuable information for the following cases.

- Which is the preferred market?
- Economical and demographic profile of target market.
- Cultural factors that impact buying mode.
- Main regulations for import.
- Tariffs, taxes and quotes.
- Transport infrastructure.
- Distributing methods.
- Potential clients within intended market.
- Competition in the intended market.
- Price policies.
- Preferred terms of trade.
- Packaging and methods of presentation of products.

7. EXPORT PLAN

Exporting plan serves as a guide for international business. A condition for this plan is that companies have completed first a market research and therefore managers and/or business directors have taken their decisions in regards to methods of exportation (and all cases discussed in points 1-5 of these chapter) and financing of exports.

Export plan indicates the target market, objectives, methods to be used to reach these objectives, necessary resources to be used and expectations. An export plan must include all the answers for the following questions.

- Where, why and what is being exported.
- What is the level of activity to be used in general and in each of the specified markets? (If it's possible, separated through time periods).
- What are some activities the company will undertake for a successful export?
- What demands arise in regards with staffing, marketing, equipment, financing of exports?
- What are intended objectives to be reached by exporting? Who is responsible for each of them and what is the deadline within which these objectives must be completed?

- What resources must be in hand and what are some of the expenses and income expected?

A list of all components of exporting plans is given in the Annex B.

ANNEX A

Albanian Foreign Trade Data

Albania's Main Trade Partners by 2004

Partners for imports	Mil. Euro	%	Partners for exports	Mil. Euro	%	Trade partners	Mil. Euro	%
World	1 765	100	World	426	100	World	2 192	100
EU	1 308	74.1	EU	362	85.0	BE	1 670	76.2
Turkey	142	8.1	Canada	19	4.4	Turkey	154	7.0
China	48	2.7	Turkey	11	2.7	China	51	2.3
Ukraine	40	2.2	Serbia	11	2.5	Ukraine	40	1.8
Bulgaria	35	2.0	USA	8	1.9	Bulgaria	35	1.6
Russia	30	1.7	China	4	0.9	Russia	32	1.5
Croatia	24	1.4	Macedonia	3	0.7	USA	26	1.2
USA	17	1.0	Russia	2	0.5	Croatia	25	1.1
Swiss	14	0.8	Swiss	1	0.3	Canada	20	0.9
Macedonia	13	0.8	Croatia	1	0.1	Serbia	20	0.9
Rumania	13	0.7	Other	4	1.0	Macedonia	16	0.7
Serbia	9	0.5				Swiss	15	0.7
Other	72	4.0				Other	88	4.0

Source: IMF (Dots) DG Trade 17 – Juin 05

Albanian Import – Export 2004

Month	Exports		Imports		Trade Balance	
	Mil.USD	Mil.Euro	Mil.USD	Mil.Euro	Mi.USD	Mil.Euro
January	42.56	33.75	143.00	113.99	100.44	79.64
February	47.42	37.45	160.96	127.12	113.54	89.67
March	46.48	37.89	171.17	139.54	124.69	101.65
April	51.90	43.27	176.91	147.49	125.01	104.23
May	51.16	42.57	176.29	146.70	125.13	104.13
June	53.47	44.06	185.16	152.54	131.68	108.49
July	61.98	50.53	199.85	162.93	137.86	112.40
August	36.32	29.82	180.56	148.24	144.25	118.42
September	52.46	42.95	199.28	163.17	146.82	120.22
October	54.75	43.84	231.95	185.72	177.20	141.88
November	53.78	41.51	202.69	156.45	148.91	114.94
December	53.15	39.69	268.25	200.34	215.10	160.64
TOTAL	605.44	487.34	2,296.06	1,843.65	1,690.62	1,356.31

Source: Annual Foreign Trade Report 2004, ACIT

Albania – EU trade (mil. Euro)

Year	Imports	Annual change %	Exports	Annual change %	Trade balance	Exports + Imports
2000	919		264		- 656	1 183
2001	1 147	24.8	310	17.6	- 837	1 457
2002	1 168	1.8	323	4.1	- 845	1 491
2003	1 169	0.1	370	14.6	- 799	1 539
2004	1 308	11.9	362	- 2.1	- 946	1 670

Source: IMF (dots) DG Trade, 17.June 2005

Albania trade with other countries of the region ('000 USD)

Country	Exports	Imports	Trade volume	%
Bulgaria	197	48,575	48,772	36.1
Bosnia & Herzegovina	45	1,361	1,406	1.0
Macedonia	3,096	18,069	21,165	15.7
Croatia	323	27,557	27,880	20.6
Moldavia	0	567	567	0.4
Rumania	82	14,875	14,957	11.1
Serbia & Montenegro	8,993	11,297	20,290	15.0
TOTAL	12,736	122,301	135,037	99.9

Source: ACIT

Albania – USA trade by years (mil. USD)

Year	Imports	Exports	Trade Balance
1992	36.2	5.5	- 30.7
1993	34.3	7.5	- 26.8
1994	16.0	6.0	- 10.0
1995	13.5	9.4	- 4.1
1996	12.1	10.3	- 1.8
1997	3.1	11.6	+ 8.5
1998	14.8	12.5	- 2.3
1999	24.7	9.0	- 15.7
2000	20.9	7.8	- 13.1
2001	15.3	7.4	- 7.9
2002	14.8	5.8	- 9.0
2003	9.7	4.4	- 5.3
2004	20.1	11.4	- 8.7

Source: U.S Census Bureau, Foreign Trade Division, Data Dissemination Branch, Washington D.C 20233

Albania – USA trade by months (mil. USD)

Month	Imports	Exports	Trade Balance
January '04	1.6	1.6	-0.1

February'04	0.9	0.6	- 0.2
March'04	1.5	0.8	- 0.7
April'04	2.4	1.2	- 1.1
May'04	0.8	0.7	- 0.1
June'04	4.3	0.5	- 3.8
July'04	0.7	0.5	- 0.3
August'04	2.6	1.0	- 1.5
September'04	1.3	1.2	- 0.1
October'04	1.8	0.6	- 1.2
November'04	1.1	1.3	+ 0.2
December'04	1.1	1.2	+ 0.1
January'05	1.8	0.7	- 1.1
February'05	0.8	0.6	- 0.2
March'05	1.1	0.5	- 0.6
April'05	1.8	0.8	- 1.0
May'05	1.6	28.1	+ 26.5

Source: U.S Census Bureau, Foreign Trade Division, Data Dissemination Branch, Washington D.C
20233

ANNEX B

Elements of an export plan. Are you ready to export? Self-evaluation test for business companies

Source: A Step – By – Step Guide to Exporting. A Team Canada INC Publication

THE ELEMENTS OF AN EXPORT PLAN

An export plan is a business plan that focuses on international markets. It identifies target market, export goals, necessary resources and expected results.

An export plan should contain the following:

1. Introduction

- Business history
- Vision and mission statement
- Purpose of the export plan
- Organizational goals and objectives
- International market goals
- Short and medium – term objectives for exporting
- Location and facilities

2. Organizational issues

- Ownership
- Management
- Staffing
- Level of commitment by senior management
- Relationship between exporting and other operations
- Corporate experience and expertise in exporting
- Strategic alliances
- Labor market issues

3. Products and services

- Description of products and services
- Key features
- Adaptation and redesign required for exporting
- Production of products and services
- Future products and services
- Comparative advantage in production

4. Market overview

- Market research
- Political environment
- Economic environment
- Market size
- Key market segments
- Purchase process and buying criteria

- Description of industry participants
- Market share held by imports
- Tariff and non-tariff barriers
- Industry trends and other market factors
- Market outlook

5. Market entry strategy

- Target markets
- Description of main competitors
- Analysis of competitive position
- Product positioning
- Pricing strategy
- Terms of sale
- Distribution strategy
- Promotion strategy/sales development
- Description of intermediaries and partners

6. Regulatory and logistical issues

- Intellectual property protection
- Other regulatory issues
- Modes of transportation and cargo insurance
- Trade documentation
- Use of trade services providers

7. Risks factors

- Market's risks
- Credit and currency risks
- Political and other risks

8. Implementation plan

- Key activities
- Evaluation criteria and process

9. Financial plan

- Revenues and sources of funding
- Cost of sales
- Marketing and promotional costs
- Other expenditures
- Operational budget

EXPORT QUIZ: ARE YOU READY?

1. Is your product or service already available?

- A) Currently in production or being developed
- B) At the prototype stage
- C) At the idea stage only

2. Is your product or service selling in the domestic market?

- A) Yes, and market share is growing
- B) Yes, but market share is low
- C) Yes, but in only one city of the country

3. Do you have the surplus production capacity or available specialists to meet increased demand for your product or service?

Yes / No

4. Do you have financing required to adapt your product service to suit your target market and to promote it?

- A) Financing is in place
- B) Financing is being arranged
- C) No financing available

5. Is your management committed to sustaining your export effort?

Yes / No

6. Does your company have a good track record of meeting deadlines?

Yes / No

7. Does your management have experience in export markets?

Yes / No

8. Does your product or service have a distinct competitive advantage (quality, price, uniqueness, innovation) over your competition?

Yes / No

9. Have you adapted your packaging (labeling, and/or promotion materials) for your target market?

Yes / No

10. Do you have the capacity and resources to provide after-sales support and service in your target market?

Yes / No

11. Do you have a Free on Board (FOB) or Cost, Insurance and Freight (CIF) price list for your product, or a rate list for your service?

Yes / No

12. Have you undertaken any foreign market research?

- A) Completed primary and secondary market research, including a visit in target market.
- B) Completed some primary and secondary market research.
- C) No research.

13. Is your promotional material available in the language of your target market? (Business cards, brochures, web sites)

Yes / No

14. Have you started marketing your product or service in your target market?

Yes / No

15. Have you engaged the services of a sales representative / distributor / agent, or partnered with a local firm?

Yes / No

16. Have you hired a freight forwarder or custom broker?

Yes / No

TEST RESULTS

If you selected ***“A” or answered “Yes” to 12 -16 questions***, congratulations! You understand the commitment, strategies and resources needed to be a successful exporter. At the very least, you have the foundation in place to take on the world and succeed.

If you selected ***“A” or answered “Yes” to 7 – 11 questions***, not bad, but there are weakness in your export strategy. It may be wise to seek advice and guidance from government experts, export consultants or the international trade branch of your financial institution.

If you selected ***“A” or answered “Yes” to less than 7 questions***, while you may be ready to visit faraway lands, you will need to do a little more homework before you export. Consider getting more help from sources.

ANNEX C

Types of vehicles passing through different custom points, ferry lines, distances from main cities of the country to different custom entry points and kilometric table.

Distances from main cities of the country to different custom points

No.	City	Custom Points	Distance in Km
1	Tirana	Kakavija	250
2		Kapshtica	210
5		Qaf Thana	114
6		Bllada	165
7		Morinë	223
8		Han i Hotit	140
9		Durrresi Harbour	34
10		Vlora Harbour	137
11		Saranda Harbour	295
12	Durrresi	Vlora	112
13		Saranda	270
14		Han i Hotit	165
15		Morina	223
16		Bllada	188
17		Qaf Thana	156
18		Kapshtica	252
19		Kakavija	245
20	Vlora	Saranda	127
21		Han i Hotit	269
22		Morina	367
23		Bllada	292
24	Qaf Thana	Han i Hotit	271
25		Kapshtica	98
26		Bllada	294
27		Kakavija	319
28	Bllada	Saranda	342
29		Morina	369
30		Han i Hotit	221
31		Kapshtica	390
32	Han i Hotit	Morina	259
33		Tirana	152
34		Morina	217
35		Vlora	369

Source: Manual në ndihmë të transportuesve rrugorë ndërkombëtarë të mallrave dhe udhëtarëve, ANALTIR

Types of vehicles

No.	Custom point	Vehicles
1	Kakavija	Goods, travelers
2	Kapshtica	Goods, travelers
3	Gorica	Travelers
4	Tushemishti	Travelers
5	Qaf Thana	Goods
6	Bllada	Goods, travelers
7	Morina	Goods, travelers
8	Hani i Hotit	Goods, travelers
9	Durresi Harbour	Goods, travelers
10	Vlora Harbour	Goods, travelers
11	Saranda Harbour	Goods, travelers

Burimi: Manual në ndihmë të transportuesve rrugorë ndërkombëtarë të mallrave dhe udhëtarëve, ANALTIR

Ferry Lines

Harbor	Bari	Cooper	Trieste	Ancona	Bar	Brindisi	Otranto	Corfu
Durresi	x	x	x	x	x	x		
Vlora						x	x	x
Saranda								x

Burimi: Manual në ndihmë të transportuesve rrugorë ndërkombëtarë të mallrave dhe udhëtarëve, ANALTIR

SHQIPERI		EUROPA	
B. Curn	Amsterdam	B. Curn	Amsterdam
Balish	Athine	Balish	Athine
Beral	Barcelone	Beral	Barcelone
Bilisht	Beograd	Bilisht	Beograd
Bulqize	Berline	Bulqize	Berline
Burrel	Berne	Burrel	Berne
Corovode	Bratislave	Corovode	Bratislave
Delvine	Bruksel	Delvine	Bruksel
Durrës	Bukuresht	Durrës	Bukuresht
Elbasan	Budapest	Elbasan	Budapest
Erseke	Firence	Erseke	Firence
Fier	Gjeneve	Fier	Gjeneve
Gramsh	Hamburg	Gramsh	Hamburg
Gjrokaster	Kopenhagen	Gjrokaster	Kopenhagen
Kavaje	Lisbone	Kavaje	Lisbone
Korce	Ljubljane	Korce	Ljubljane
Koplik	Londer	Koplik	Londer
Kruje	Luksemburg	Kruje	Luksemburg
Krume	Lion	Krume	Lion
Kucove	Madrid	Kucove	Madrid
Kukes	Marseje	Kukes	Marseje
Lezhe	Milano	Lezhe	Milano
Lushnje	Mynih	Lushnje	Mynih
Lac	Napoli	Lac	Napoli
Librazhd	Paris	Librazhd	Paris
Peshkopi	Prage	Peshkopi	Prage
Peqin	Rome	Peqin	Rome
Permet	Sarajev	Permet	Sarajev
Pogradec	Sofje	Pogradec	Sofje
Puke	Stamboll	Puke	Stamboll
Rreshen	Strasbourg	Rreshen	Strasbourg
Sarande	Shkup	Sarande	Shkup
Shkoder	Tirane	Shkoder	Tirane
Tepelen	Varshave	Tepelen	Varshave
Tirane	Vjene	Tirane	Vjene
Vlore	Zagreb	Vlore	Zagreb